



A YEAR LIKE NO OTHER

JAT HOLDINGS PLC
ANNUAL REPORT 2021/22

A YEAR LIKE NO OTHER

Traversing through our journey of 29 years, FY 2021/22 was the epicenter of our success. Marking a significant milestone in our journey we successfully concluded the Initial Public Offering of our shares in the CSE, inviting the public to be a part of our journey of growth and the future trajectory of our business.

Our momentous journey continued as we reached greater frontiers of success recording phenomenal revenue and profitability. A remarkable growth trajectory in our new products and our existing range of products enabled us to create record levels of performance. All these achievements demonstrate our greatness, purpose, and fortitude – the values that we stand for. As we gather our momentum to scale greater heights of success, we reflect on **‘A Year Like No Other’** to create greater dimensions of value for our stakeholders in the years ahead.



CONTENTS



CHAIRMAN'S REVIEW 16

DESPITE THE NUMEROUS CHALLENGES THAT PREVAILED, THE GROUP DELIVERED ON THE SHAREHOLDER COMMITMENTS THAT WERE COMMUNICATED TO INVESTORS DURING THE IPO. PROFIT-AFTER-TAX FOR THE YEAR AMOUNTED TO RS. 1.2 BILLION, A NEAR DOUBLING IN COMPARISON TO THE PREVIOUS YEAR AND A REMARKABLE ACHIEVEMENT GIVEN THE MARKET CONDITIONS THAT PREVAILED.

THE EVOLUTION OF THE JAT BRAND FROM A SINGLE-BUSINESS, FAMILY-OWNED BRAND TO ONE OF SRI LANKA'S STRONGEST CORPORATE BRANDS GIVES ME GREAT PRIDE. THE BRAND HAS BEEN RANKED AMONG THE COUNTRY'S MOST RESPECTED ENTITIES BY LMD AND HAS BEEN FEATURED IN THE COUNTRY'S TOP 20 CONGLOMERATE BRANDS BY BRAND FINANCE.



CHIEF EXECUTIVE OFFICER'S REVIEW 21

DESPITE ESCALATING COST PRESSURES, THE GROUP'S ONGOING FOCUS ON EFFICIENCY, AUTOMATION AND COST RATIONALISATION ENABLED THE GROUP TO RECORD AN IMPROVEMENT IN OPERATING PROFIT MARGINS; RESULTANTLY, THE GROUP'S OPERATING PROFIT INCREASED BY 73% WHILE PROFIT-FOR-THE YEAR DOUBLED TO RS. 1.2 BILLION, THE HIGHEST-PROFITABILITY IN THE GROUP'S OPERATING HISTORY.



MANAGING DIRECTOR'S REVIEW 18

OUR APPROACH TO REPORTING	4
THE YEAR IN REVIEW	6
PERFORMANCE HIGHLIGHTS	7
OPERATIONAL HIGHLIGHTS	9
MILESTONES AND KEY EVENTS	10
AWARDS	12
OUR COVID-19 RESPONSE	14

OUR LEADERSHIP TEAM

CHAIRMAN'S REVIEW	16
MANAGING DIRECTOR'S REVIEW	18
CHIEF EXECUTIVE OFFICER'S REVIEW	21
BOARD OF DIRECTORS	25
CORPORATE MANAGEMENT COMMITTEE	28
SUBSIDIARY DIRECTORS	31
SENIOR MANAGEMENT	32
ABOUT US	34

STRATEGIC POSITIONING

VALUE CREATION MODEL	38
OUR OPERATING ENVIRONMENT	40
STAKEHOLDER ENGAGEMENT	41
MATERIAL MATTERS	43
STRATEGY & RESOURCE ALLOCATION	44

CAPITAL REPORTS

FINANCIAL CAPITAL	46
MANUFACTURED CAPITAL	49
HUMAN CAPITAL	52
INTELLECTUAL CAPITAL	57
SOCIAL AND RELATIONSHIP CAPITAL	65
NATURAL CAPITAL	72

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE	76
RISK MANAGEMENT	91
ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY	96

BOARD COMMITTEE REPORTS

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE	102
REPORT OF THE HR AND REMUNERATION COMMITTEE	104
REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE	105
REPORT OF THE INVESTMENT COMMITTEE	106
BOARD OF DIRECTORS – COMMUNICATION POLICY	107
CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT	108
STATEMENT OF DIRECTORS RESPONSIBILITY POLICY	109

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT	111
STATEMENT OF FINANCIAL POSITION	114
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	115
STATEMENT OF CHANGES IN EQUITY	116
STATEMENT OF CASH FLOWS	118
NOTES TO THE FINANCIAL STATEMENTS	119
SHAREHOLDER INFORMATION	169
10 YEAR SUMMARY - GROUP	171
OUR PRESENCE	172
GRI INDEX	173
NOTICE OF MEETING	180
FORM OF PROXY	181
SHAREHOLDER FEEDBACK FORM	183
CORPORATE INFORMATION	INNER BACK COVER

**VISION**

Be the brand of choice to the finishing, living and furnishing industries in South Asia.

MISSION

We are committed to building long-term relationships based on integrity, performance, value and exceeding customer satisfaction.

We will continue to meet the changing needs of our clients with our highest quality and Innovative solutions delivered by the most qualified people.

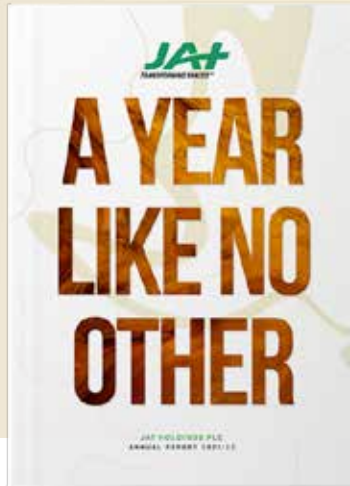
We are more than a conglomerate. We are a dedicated team striving to bring growth to our community, helping to maintain existing businesses and assisting our clients in making their dreams become a reality.

OUR VALUES

The employees at JAT are required to practice four values in order to achieve this Vision and Mission:

- ✧ In depth knowledge of the entire business
- ✧ Complete customer satisfaction
- ✧ Leadership at all levels
- ✧ Continuous improvement and innovation

OUR APPROACH TO REPORTING



JAT HOLDINGS PLC

ANNUAL REPORT 2021/22

REPORTING IMPROVEMENTS

Enhanced disclosures of the Group's strategic agenda

Early adoption of the new GRI Standards (2021)

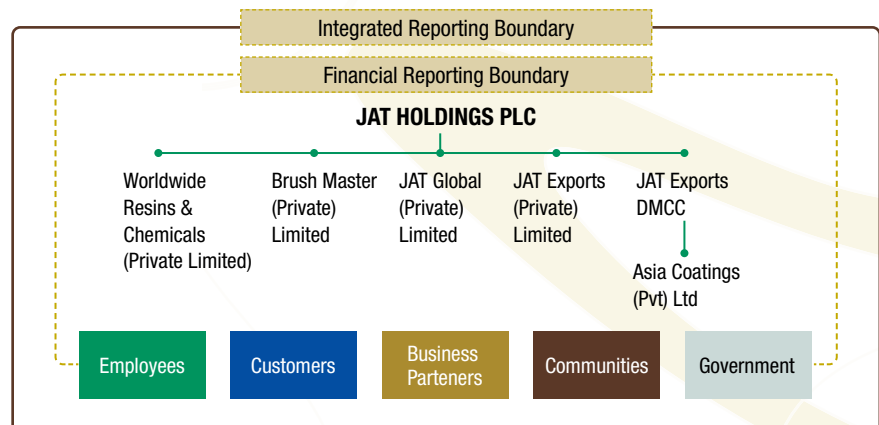
Adoption of the Gender Parity Reporting Framework of CA Sri Lanka

Increased use of connected performance drivers showcasing connectivity between financial and non-financial performance

OUR INTEGRATED ANNUAL REPORT

JAT Holdings PLC's 5th Integrated Annual Report provides a holistic and balanced overview of how the Group created value to its diverse stakeholders. It is our primary publication to shareholders and includes information on the Group's strategy, performance, operating context, corporate governance and risk management practices. The Report also provides context to the Group's short, medium and long-term prospects.

SCOPE AND BOUNDARY



MATERIALITY

The content included in this Report has been carefully selected following a materiality assessment, which enabled the identification of the business, social, environmental and external issues which could have the most significant impact on the Group's ability to generate value. The process for determining material issues is given on page 43 of this Report.

DETERMINING MATERIALITY

Our operating environment

Stakeholder needs

Strategic aspirations

Opportunities and risks

SCOPE & BOUNDARY

As graphically set out alongside, this Report covers the operations of JAT Holdings PLC and its 5 subsidiaries and 1 sub-subsidiary (collectively referred to as "the Group") for the period from 1st April 2021 to 31st March 2022. The Group adopts an annual reporting cycle for its financial and sustainability reporting. The financial and non-financial information presented in the narrative report represents consolidated information, unless otherwise mentioned. There were no major changes in the Group's organisational structure, size or supply chain during the year under review.

ASSURANCE

External assurance on the financial statements has been provided by Messrs. Ernst & Young Chartered Accountants, Sri Lanka. The integrity of the non-financial information is assessed through

review by the Group's Sustainability Division, while the relevant processes and internal controls are assessed by the Internal Audit.

DIRECTORS' RESPONSIBILITY

JAT Holdings PLC's Board of Directors is ultimately responsible for ensuring the integrity of this Annual Report. We hereby confirm that the 2021/22 Report addresses all relevant material matters and fairly represents the Group's integrated performance. We also confirm that the Report has been prepared in line with the guidance provided in the Integrated Reporting Framework of the International Integrated Reporting Council.

NAVIGATION ICONS



Financial Capital



Manufactured Capital



Human Capital



Intellectual Capital



Social & Relationship Capital



Natural Capital

Strategic priorities



Profitable growth



Innovation



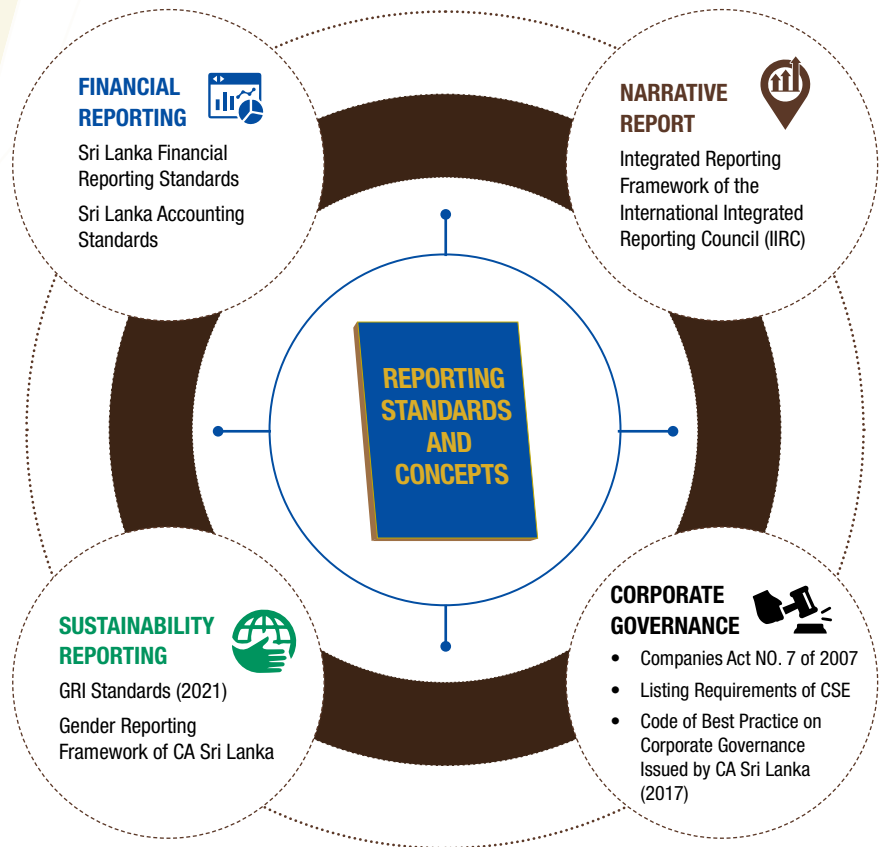
Operational excellence



People & partnerships



Sustainability



REPORTING CONCEPTS



STRATEGIC FOCUS

Dedicated chapter on Strategy and Resource allocation and connectivity to Strategy across the Report through navigation icons



MATERIALITY

Reporting disclosures determined following an assessment of the Group's material topics



CONNECTIVITY

Connectivity to our capital resources and Strategy demonstrated across the Report through signposting and navigation icons



CONSISTENCY AND COMPARABILITY

Comparative information for the previous years provided wherever possible



FEEDBACK

We welcome your suggestions and feedback on our Report. Please direct your comments to,

Rizna Dilshard – Director Finance
email: rizna@jatholdings.com

JAT HOLDINGS PLC
Annual Report 2021/22

ANNUAL REPORT
2021/22

PRINT
Available on request



ONLINE
Available as PDF



THE YEAR IN REVIEW

SNAPSHOT OF 2021/22

The Group demonstrated adaptability and resilience to conclude the most successful year in its operating history, achieving record profitability, strengthening its market positions, driving innovation and continuing to deliver on its stakeholder commitments. The year under review was a momentous one in the Group's operating history, as it aptly positioned itself for the next stage of evolution through successfully listing its' shares on the Colombo Stock Exchange.

- Import restrictions and resultant adverse impacts on the construction industry
- Supply chain disruptions
- Challenges in importing raw materials due to the severe shortage in foreign currency
- Surge in global freight rates
- Sharp depreciation of the Sri Lankan Rupee during the last month of the Financial Year



OPERATING ENVIRONMENT

- Pursued aggressive growth in WHITE by JAT, achieving increased market penetration
- Expansion of product offering
- Increased focus on manufacturing automation and operational efficiency
- Proactive and timely working capital management strategies
- Leveraging the strength of our partner relationships
- Ongoing engagement with suppliers in providing demand visibility
- Setting up of a manufacturing plant in Bangladesh



STRATEGIC FOCUS

- 66% growth in revenue driven by a increased penetration in both local and export markets
- 73% growth in operating profit
- 102% increase in profit-after-tax
- 64% growth in total assets
- Delivered on shareholder return commitments with an EPS growth of 88%



PERFORMANCE

- Limited visibility on both demand and supply side dynamics due to the prevalent macro-economic vulnerabilities
- Sharp escalation in the cost of input materials
- Increased focus on regional expansion through entry into new markets and increased penetration of existing markets



WAY FORWARD

PERFORMANCE HIGHLIGHTS



Financial Capital

7

JAT HOLDINGS PLC
ANNUAL REPORT 2021/22

Year Ended 31 March		2021/22	2020/21	Y-o-y change (%)
Profitable Growth				
Gross Profits	Rs.million	2,603	1,644	58%
Operating Profit	Rs.million	1,186	685	73%
Profit Before Tax	Rs.million	1,258	644	95%
Profit After Tax	Rs.million	1,211	600	102%
GP margin	%	29%	31%	-5%
Return on assets	%	13%	10%	32%
Return on Equity	%	18.55%	11.61%	60%
Financial Stability				
Total Assets	Rs.million	11,544	7,058	64%
Total Liabilities	Rs.million	3,797	1,717	121%
Total Equity	Rs.million	7,747	5,341	45%
Shareholders' Funds	Rs.million	7,755	5,345	45%
Non-Controlling Interest	Rs.million	(8)	(4)	-91%
Total Debt	Rs.million	1,289	532	142%
Net Debt	Rs.million	(418)	(176)	-138%
Debt/Equity	Times	0.17	0.10	67%
Net Debt (Cash)/Equity	Times	(0.05)	(0.03)	-64%
Debt/Total Assets	Times	0.11	0.08	48%
Working Capital Management				
Current Ratio	Times	2.60	3.26	-20%
Liquidity Ratio	Times	1.99	2.29	-13%
Inventory Days	Days	111	164	-33%
Debtor Days	Days	153	191	-20%
Creditor Days	Days	68	69	-2%
Shareholder Information				
Earnings per share	Rs.	2.47	1.31	88%
Dividends per share	Rs.	0.82	0.36	128%
Net assets per share	Rs.	15.19	11.76	29%
No. of Shares in Issue	No.	510,407,773	454,593,073	12%
Closing Price	Rs.	15.9	-	-
Market Capitalization	Rs.	8,115,483,591	-	-
P/E Ratio	Times	6.4	-	-
Dividend Payout	%	33%	27%	21%
Dividend Cover	Times	3	4	-17%
Dividend Yield	%	5%	-	-

TOTAL ASSETS

RS. 11,544
MILLION
(+64%)

TOTAL EQUITY

RS. 7,747
MILLION
(+45%)

RETURN ON ASSETS

13%
(2020/21: 10%)

MARKET CAPITALISATION

RS. 8,115
MILLION

THE YEAR IN REVIEW

PERFORMANCE HIGHLIGHTS

			2021/22	2020/21	Y-o-y change (%)
 Manufactured Capital	Manufacturing facilities	No.	1	1	0%
	Property, plant, and equipment	Rs. million	1,668	1,531	9%
	Capital expenditure	Rs. million	265	182	46%
	Capacity utilisation	%	77%	47%	30%
	Efficiency ratio	%	85%	75%	10%
 Human Capital	Total employees	No.	386	351	10%
	Payments to employees	Rs. million	745	505	48%
	Remuneration per employee	Rs.million	2	1.5	33%
	Female representation	%	21%	21%	0%
	Employee retention rate	%	79%	81%	-2%
	Promotions	No.	35	12	192%
	Investment in training	Rs. million	4.4	5.3	-17%
	Total training hours	Hours	8,573	3,535	143%
	Average training hours/employee	Hours	22	10	118%
	Workplace injuries	No.	10	10	0%
 Intellectual Capital	Investment in R&D	Rs.million	36.5	48.5	-25%
	New products launched	No.	3	3	0%
	Products in pipeline	No.	3	5	-40%
	Strength of R&D team	No.	11	9	22%
	Brand awards	No.	7	0	100%
 Social & Relationship Capital	Payments to suppliers	Rs.million	5,944	3,607	65%
	Total suppliers	No.	1,349	576	134%
	Investment in CSR	Rs.million	1.3	1.1	18%
 Natural Capital	Energy consumption	MJ	2,519,873	1,795,356	40%
	Renewable energy generation	Kwh	262,395	225,969	16%
	Water consumption	M3	9,293	8,244	13%
	Solid waste generation disposed	MT KG	59,370	58,952	0.7%
	Carbon footprint	Tco2e	4,813	4,759	+1%

MARKET POSITION

Undisputed market leader in wood coatings in Sri Lanka for over 25 years.

Sri Lanka market share

57%

Brushes

31%

Rapid growth in the emulsion paint category, recording the fastest growth for a new entrant in the paint and coating category reaching 7% market share within 15 months of its launch.

Emulsion paints
+7%

Market leader in Paintbrushes and Rollers in Sri Lanka, representing a legacy brand with a close to 100 year presence in Sri Lanka.

OUR RELATIONSHIPS

15+

principal relationships



28

distributors

5000+

dealers



130,000+

Loyalty base

OUR PEOPLE PROPOSITION

RS. 745 MN (+48%)

Payments to employees

RS. 4.4 MN (-17%)

Investment in training

8,573

Training hours

78%

Retention rate

NIL

Major injuries



FOR OUR CUSTOMERS

03

New products

5500+

Customer contact points



RESPONSIBILITY AND SUSTAINABILITY

Transforming
COMMUNITIES

Transforming
MINDS

Transforming
PLANET



THE YEAR IN REVIEW

MILESTONES AND KEY EVENTS

May-21

JAT Holdings supports the Wethara District Hospital Renovation project



May-21

JAT Holdings supported the Western Music Association (WMA) of Sri Lanka by providing its state-of-the-art auditorium as the venue for a virtual concert



Jul-21

Setting up Manufacturing Plant in Bangladesh



Jul-21

Initial Public Offering



Aug-21

JAT Holdings to begin trading at CSE



Aug-21

JAT Receives Coveted CIDA Accreditation, Enjoys LKR 1 Billion in Confirmed Specialized Interior Projects



Aug-21

JAT Holdings partners with NPCC to implement the Eco-Innovation Project



Sep-21

Launch of Masters Ceiling Coat for the domestic market



Sep-21

JAT listed all its products on the Daraz flagship store



Nov-21

Launch of WBJ Undercoats



Dec-21

JAT Holdings PLC partners with NAITA to support and develop Sri Lankan Woodcraft



Jan-22

Initialisation of the state-of-the-art R&D Centre



Jan-22

Launch of the Harris Brushes Thematic Campaign



Jan-22

The Sherwin Williams Company reaffirmed JAT as its No1 global partner in 2021



Mar-22

Sayerlack loyalty base reaches 130,000 customers



Mar-22

JAT sponsored the inaugural Mayor's Cup Mixed Netball Tournament – 2022



Mar-22

Partnership with the Geoffrey Bawa Trust for the "Geoffrey Bawa: It is Essential to be There" exhibition



THE YEAR IN REVIEW AWARDS

FITIS Digital Excellence Awards



Merit - Marketing strategy

CA Sri Lanka's 56th Annual Report Awards 2021



Bronze - Trading category

National Business Excellence Awards 2021



Gold - Trading sector
Merit - Extra-large category

SLIM NASCO Awards 2020



9 individual awards

Effie Awards 2021



Bronze - Marketing Disruptors
Finalist - Home furnishing and appliances
Finalist - David Vs. Goliath
Finalist - E-commerce

CNCI Achiever Awards 2021



National Merit - Extra large category in manufacturing sector

Dragons of Asia



Silver Award Mobile Marketing Campaign – WHITE by JAT

MAA Globes



Gold – Best Mobile Marketing Campaign – WHITE by JAT

LMD's Brand Annual



Top 100 Most Valuable Consumer Brands in Sri Lanka – Sayerlack

Great Place to Work



ICRA reaffirmation



[SL]A+ with stable outlook for the 6th consecutive year

THE YEAR IN REVIEW

OUR COVID-19 RESPONSE

Having successfully contained the first wave of COVID-19 in 2020, Sri Lanka experienced a surge in infections during 2021 reflecting the emergence of several highly transmissible variants. Resultantly, the Government imposed lockdowns for several months of the year, which inevitably impacted economic activity and demand. On the other hand, it is notable that organisations demonstrated a high degree of adaptability and agility to operating in conditions of limited mobility, leveraging on learning obtained during the first wave to ensure continuity of operations.

IMPLICATIONS OF COVID-19

Employees' increased vulnerability to health and safety risks, given the risk of cross infection

Supply chain disruptions in both global and domestic networks

Customers' limited mobility and impacts on disposable income had an inevitable impact on demand for construction activities

OUR RESPONSE

FOR EMPLOYEES

- Formulation and rollout of Emergency Preparedness and COVID-19 Safety Policy
- Ensuring safety of employees through development of stringent protocols aligned to the guidelines of Health Authorities
- Close monitoring of COVID-19 infected employees and contacts
- Encourage employees to obtain full vaccination including booster dose

FOR CUSTOMERS

- Strengthened engagement through digital platforms including e-commerce channel and social media
- Enhanced value proposition across key product categories
- Incentives offered under the Sayerlack Loyalty program to counter attack the diminishing disposable income due to economic crisis
- Ongoing focus on new product development and catering to customers' increased concerns on affordability through value-for-money offerings

FOR BUSINESS PARTNERS

- Maintained proactive engagement, offering increased visibility on projected demand for suppliers
- Leveraged strong relationships with suppliers to ensure continuity of raw material sourcing despite prevalent disruptions
- Leveraged strong relationships with Banking partners for extended financial backing

FOR SHAREHOLDERS

- Relentless focus on penetrating selected market segments to successfully drive growth
- Strategic emphasis on operational excellence and productivity improvements to rationalise cost base
- Clarity and transparency in communications on potential impacts on the Group's performance, financial position and outlook



OUR LEADERSHIP TEAM



A YEAR LIKE NO OTHER

The FY 2021/22 proved to be a momentous year in the history of the Group. The Group successfully listed its shares on the Colombo Stock Exchange, marking the commencement of a new frontier in its corporate journey. Powered by human ingenuity and strategic agility the Group demonstrated resilience and adaptability in one of the most turbulent years in its history by achieving record profitability levels, strengthening its market positioning, and driving innovation whilst delivering value to all stakeholders.

CHAIRMAN'S REVIEW



Dear Shareholder,

I am pleased to present the 2021/22 Annual Report and Audited Financial Statements for JAT Holdings PLC.

We reflect on what has been yet another year of extreme uncertainty and turbulence, which although presenting extraordinary challenges, also provided an opportunity to rethink, adapt and innovate at an unprecedented speed. The JAT Group's bold strategy and transformative action has been validated in these tough times, as the Group recorded its highest- ever revenue and profitability, while ensuring operational resilience and value creation to all stakeholders.

CONTEXT TO PERFORMANCE

With the emergence of the 2nd and 3rd waves of the pandemic in Sri Lanka, for many organisations, the defining memory of 2021 would be the agility and adaptability with which they faced COVID-19. Many businesses, including JAT, leveraged learnings obtained during the first wave in 2020 in ensuring uninterrupted operations during periods of limited mobility, while safeguarding the physical and mental health of our team. Towards the second half of 2021, concerns regarding the pandemic were overshadowed by Sri Lanka's deepening economic vulnerabilities, which have now plunged the country into an unprecedented economic crisis. The country's Gross Domestic Product (GDP) expanded by 3.7% in 2021 (compared to a contraction of 3.6% in 2020) reflecting rebound in the first quarter of 2021, before moderating in the 2nd and 3rd quarters in view of pandemic-led disruptions to economic activity.

The 62% drop in tourism earnings and 23% decline in remittances, coupled with significant international debt settlements in 2021 exacerbated the country's long-standing economic vulnerabilities and structural problems. As foreign exchange reserves depleted to record lows, the Government imposed restrictions on selected imports and mandated the conversion of export proceeds with a view to preserving foreign exchange. In early March 2022, the Central Bank of Sri Lanka also allowed the free float of the exchange rate, which resulted in the Rupee falling dramatically by 30% against the US Dollar (monthly average) and depreciating further in subsequent months reflecting large overshooting by market forces. The depreciation of the Rupee has also led to a significant increase in inflationary pressures, with the headline inflation as measured by the

DESPITE THE NUMEROUS CHALLENGES THAT PREVAILED, THE GROUP DELIVERED ON THE SHAREHOLDER COMMITMENTS THAT WERE COMMUNICATED TO INVESTORS DURING THE IPO. PROFIT-AFTER-TAX FOR THE YEAR AMOUNTED TO RS. 1.2 BILLION, A NEAR DOUBLING IN COMPARISON TO THE PREVIOUS YEAR AND A REMARKABLE ACHIEVEMENT GIVEN THE MARKET CONDITIONS THAT PREVAILED.

y-o-y change in the National Consumer Price Index accelerating to 21.5% in March 2022. As currency reached precarious lows, the country has experienced shortages in essential medicines, food and fuel which has led to social unrest and political instability.

UNLOCKING VALUE

Against this backdrop, the JAT Group remained steadfast in its commitment to pursuing its ambitious long-term aspirations. The Group demonstrated its characteristic tenacity and boldness, by opting to publicly list its shares through an Initial Public Offering on the Colombo Stock Exchange, despite the volatile market conditions that prevailed. The Group's decision to list publicly, reflects its commitment to unlocking the Group's potential through broad basing its shareholding and raising funds for (among others) regional expansion. The IPO opened on the 20th of July 2021, to significant investor interest and market demand, which resulted in the shares being over-subscribed by nearly two times within a short duration, reflecting investor optimism on the Group's upside potential. Through the listing of 82.9 million shares, the Group offered a 16% stake in the company thereby successfully raising Rs. 2.2 billion. As communicated through our IPO Prospectus, proceeds from the listing will be utilised to establish manufacturing plants in

Bangladesh and East Africa, set up a fully-fledged R&D Centre in Sri Lanka and expand the WHITE by JAT proposition. The progress made in these plans are discussed in further detail in the Managing Director's Review on page 18 of this Annual Report.

LEADERSHIP AND INTEGRITY

The need for ethical, responsible and inclusive leadership has never been stronger. Even as a privately owned organisation, the Group had embraced best practices in corporate governance, voluntarily adopting regulatory guidelines on corporate governance which were applicable to listed companies. As such, the transition from a public quoted company was relatively seamless for the Group, as the requisite governance structures, frameworks and practices were already in place. Key areas of Board focus during the year included providing oversight on the measures implemented to ensure the safety of employees, assessing the implications of emerging macro-economic developments on the Group's financial performance and value creation, and strengthening risk management practices. The Board maintained proactive and close engagement with the business in understanding emerging risks and ensuring continuity of operations throughout the year.

DELIVERING ON OUR SHAREHOLDER COMMITMENTS

Despite the numerous challenges that prevailed, the Group delivered on the shareholder commitments that were communicated to investors during the IPO. Profit-after-tax for the year amounted to Rs. 1.2 billion, a near doubling in comparison to the previous year and a remarkable achievement given the market conditions that prevailed. Accordingly, Earnings per share for the year amounted to Rs. 2.47. Meanwhile, the Group paid two interim dividends of Rs. 0.32 and Rs. 0.25 per share.

A SUSTAINABLE BUSINESS

The pandemic has focused attention on inherent interconnectedness and interdependencies that exist between communities, the environment and economic activity. The Group has long-since been committed to embedding the principles of sustainability to its strategy, processes and decision-making thereby driving the creation of responsible and shared value. Our value creation is supported by an eco-system of business partners, and we are committed to ensuring their long-term commercial sustainability and socio-economic empowerment. To this end, the

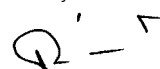
Group launched JAT Pinthaaroo Shilpee Abhiman during the year, a unique initiative which provides the opportunity for painters to obtain an NVQ Level 3 certification from the National Apprenticeship and Industrial Training Authority (NAITA), upon completion of the JAT painters training program. This first-of-its kind initiative, enables painters to obtain a recognised vocational qualification, thereby improving employability and skill development. During the year, we also widened the scope of the Group's CSR/CSV (Corporate Social Value) Framework through adding a new pillar for 'Culture', with the aim of driving concerted efforts to preserve Sri Lanka's heritage and local artefacts. The progress made in the key pillars of our CSV Framework, Transforming Communities, Transforming Minds and Transforming the Planet are discussed in further detail in the Managing Director's Review and in subsequent sections of this Report.

LOOKING AHEAD

As we brace for the inevitable challenges in the immediate term, we are confident that the solid foundation we have put in place to safeguard the Group's people, resources and capabilities will stand us in good stead to weather the crisis. We anticipate the economy to post gradual recovery over the medium-term and will continue to pursue our growth aspirations by leveraging our globally reputed brands, international partnerships, innovation and manufacturing capabilities to drive increased penetration. Strategic emphasis will also be placed on increasing our international presence and export income, thereby generating much-needed foreign currency inflows to the country.

ACKNOWLEDGEMENTS

In closing, I wish to extend my gratitude to my colleagues on the Board for their continued support and guidance in an extremely challenging year. It has been incredibly uplifting to witness the spirit of the Group's leadership team and all employees, and I would like to congratulate and thank the Managing Director, CEO and the entire JAT Team, for their commitment and untiring efforts. I also extend my appreciation to our loyal customers, business partners, suppliers and other stakeholders who have been an integral part of the Group's progress and I look forward to working with you in the future.



Dr. S. Selliah
Chairman



MANAGING DIRECTOR'S REVIEW

Dear Shareholder,

This year has taught us a great deal about the JAT Group's values, resilience and spirit. Our team demonstrated remarkable ability to cope and adapt, as they swiftly identified and capitalised on market opportunities through decisive and timely interventions. This strategic agility enabled the Group to deliver the best profitability in its operating history, with revenue reaching a record high of Rs. 8.90 billion while profit for the year doubled to Rs. 1.2 billion. We also improved our market position in key business verticals, strengthened relationships with both internal and external stakeholders and continued to deliver on our value creation commitments.

The year under review was a momentous one for the JAT Group, as it transitioned and transformed from a family-held entity to a publicly listed organisation. As I look back on the single-business company I formed in 1993, I am awe-struck by the Group's remarkable evolution over nearly 3 decades to a diversified, market-leading and dynamic business. As always, I am deeply thankful to God for the incredible blessings He has bestowed on me and my family and the strength He has given us to overcome innumerable challenges along our journey.

FINANCIAL RESILIENCE & STABILITY

I am pleased to report that despite numerous external headwinds, the Group demonstrated financial integrity, maintaining its profitability and financial stability throughout the year. Timely penetration into new market segments and aggressive growth in existing segments enabled the Group to achieve a near 66% growth in Revenue; exports grew over Two-fold as the Group fortified its market positions in Maldives, Bangladesh and India. The cost of input material escalated during the year, reflecting supply chain disruptions and the sharp depreciation of the Rupee towards the end of the year, resulting in the gross profit margin narrowing from 31% to 29%. However, relentless focus on automation, cost efficiencies and increased contributions from high-margin products enabled the Group to improve its operating profit margin, resulting in operating profit and pre-tax profit increasing by a respective 73% and 95% during the year. Profit for the year nearly doubled to reach a record high of Rs. 1.2 billion, surpassing the profit commitments made to potential shareholders during the Group's IPO.

THE EVOLUTION OF THE JAT BRAND FROM A SINGLE-BUSINESS, FAMILY-OWNED BRAND TO ONE OF SRI LANKA'S STRONGEST CORPORATE BRANDS GIVES ME GREAT PRIDE. THE BRAND HAS BEEN RANKED AMONG THE COUNTRY'S MOST RESPECTED ENTITIES BY LMD AND HAS BEEN FEATURED IN THE COUNTRY'S TOP 20 CONGLOMERATE BRANDS BY BRAND FINANCE.

The financial position strengthened following the equity infusion of Rs. 1.5 billion during the year, resulting in the Group's total equity increasing to Rs.7.74 billion and accounting for 67% of total assets. Despite a doubling of borrowings, primarily to fund working capital requirements, the Group's debt to equity ratio remained low at 0.17x. The Group maintained its credit rating of A+ (Stable Outlook) by ICRA Lanka Limited a Moody's Company, attesting to its financial strength and creditworthiness.

AN AGILE STRATEGY

As Sri Lanka experienced a surge in COVID-19 infections which led to periodic lockdowns in 2021 and macro-economic vulnerabilities deepened, we sharpened focus on several critical areas of the business. The construction industry remained relatively resilient during the first half of the year, with both residential and commercial projects recording a gradual pick-up. However, supply chain disruptions stemming from import restrictions and the country's crippling foreign exchange crisis had broad-based implications on construction, particularly towards the second half of the year. Meanwhile the surge in global freight rates coupled with the sharp depreciation of the Sri Lankan

Rupee in March 2022, resulted in a sharp increase in the cost of input material.

Against this backdrop, the Group placed strategic emphasis on procuring adequate inventories of input materials, relentlessly monitoring daily, weekly and monthly consumption levels to offer accurate demand forecasts to suppliers. This proactive approach ensured that the Group maintained continuity in its production, which in turn enabled it to acquire market share from competitors who faced inevitable interruptions to operations. I must comment on the remarkable support given to us by our international suppliers during this challenging time, which enabled the Group to withstand these pressures to a great extent. We sought aggressive penetration in both the wood coating and paint segments, leveraging our strong brands and extensive distribution models to drive volume growth. In wood coating Sayerlack maintained its market leadership position and recorded strong revenue growth of 61% to achieve the highest-ever turnover. The performance of WHITE by JAT, our brilliant white emulsion interior and exterior wall paint, exceeded expectations, making inroads in the industry through rapidly capturing market share. Since its launch in 2019/20, the product has gained a share of nearly 7% supported by its unmatched product quality and innovative e-commerce-based distribution model through which the cost benefit of disintermediation was passed on to customers. Resultantly, the Paints segment's revenue increased by 87% in 2021/22 contributing toward building a more balanced, diverse earning profile.

Innovation continues to be a hallmark of the Group's strategy and during the year we expanded the product proposition of WHITE by JAT by launching 2 undercoats. Meanwhile, under the "Masters" wood coating brand we launched a ceiling coat and an all-in-one proposition for quick fixes. We also commenced setting up of our state-of-the-art R&D facility during the year, which upon completion will be the first of its kind in Sri Lanka and one of the largest in South Asia. The facility will be equipped with advanced instruments for reverse engineering, microbiology, and other testing equipment, thereby significantly enhancing the Group's innovation capabilities.

Pursuing growth in export markets remained a key focus during the year; we deployed dedicated resources to drive growth in Bangladesh in

which we see significant growth potential while appointing a dedicated International Business Development Manager to pursue opportunities in the African region. In line with the aspirations of the IPO the Group intends to commence manufacturing in Bangladesh, which in addition to geographically diversifying our manufacturing footprint, will enable increased penetration in Bangladesh through increased flexibility and attractive pricing.

OUR UNITED TEAM

Throughout the pandemic and the ongoing economic crisis, I have experienced first-hand the character of this company and the JAT team's capacity to adapt, deliver and thrive. I believe we must now institutionalise and hard code these learnings as we transition to normalcy, albeit with fresh challenges. During the year, we introduced comprehensive measures to safeguard the health and well-being of our team, while continuing to invest in training and development. The Group's transparent and robust performance management system has encouraged the creation of a performance-driven culture and enabled the Group to identify and nurture high-performing employees, thereby building a strong pipeline of talent.

THE STRENGTH OF OUR BRAND

The evolution of the JAT brand from a single-business, family-owned brand to one of Sri Lanka's strongest corporate brands gives me great pride. The brand has been ranked among the country's most respected entities by LMD and has been featured in the country's top 20 conglomerate brands by Brand Finance. The Group refreshed its product branding strategy during the year, tactically shifting focus to social media and digital platforms, which in turn allowed increased visibility and resource efficiency. During the year, the Group's innovative WHITE by JAT marketing campaign garnered recognition through winning four EFFIE awards, the Gold Award for Best Mobile Marketing Campaign at MAA Globes 2021, and the Bronze Award for the Best Mobile Marketing Campaign at the Dragons of Asia Award 2021. From the Group's inception, we have strived to support the development of sports in the country, providing sponsorships and building associations with supports such as cricket, basketball, rugby and golf.

MANAGING DIRECTOR'S REVIEW

FUTURE OUTLOOK

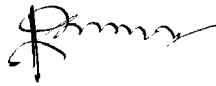
As Sri Lanka grapples with an unprecedented economic crisis, we are acutely aware of the inevitable short-term pressures that will affect growth and profitability. The sharp escalation of raw material prices has necessitated successive price revisions within a short period of time, which could affect demand given the high inflationary environment and decline in disposable incomes. Meanwhile, the crippling shortage in foreign currency has significantly impacted manufacturers such as us which rely on imported raw materials. Given the lack of predictability and visibility in the immediate term, we will seek to preserve our liquidity levels and strengthen credit risk management frameworks as we brace for tougher times. We urge the government to implement alternative payment mechanisms which enable the import of input materials, thereby ensuring uninterrupted manufacturing activities-which in turn would drive economic recovery and safeguard livelihoods.

Over the medium-to-long term however, we expect the economy to post gradual recovery given much needed fiscal discipline, structural reforms and an IMF bailout program which is currently under negotiations. I am confident that Sri Lanka's characteristic resilience will see us through these challenging times, and pave way for long-term economic prosperity underpinned by consistent policy and macro-economic stability. As an organisation, the Group has demonstrated its ability to deliver through economic cycles and the passion with which we drive our exciting aspirations remain unchanged as we seek increased penetration in export markets, further expand our portfolio of offerings and strengthen R&D capabilities.

ACKNOWLEDGEMENTS

In closing, I would like to extend my gratitude to our Chairman, the Board of Directors and our CEO for their steadfast commitment and valuable counsel in an extraordinarily challenging year. The year under review has reinforced my belief that our team is the Group's most valuable asset, and I extend my sincere appreciation to the executive committee and all our employees for their untiring efforts. I also take this opportunity to thank our valuable business partners who are a vital pillar of our success, our loyal customers for their continued patronage and all our stakeholders for partnering us in our journey of growth; I look forward to working with you all in the future.

Thank you.



Aelian Gunawardene
Managing Director



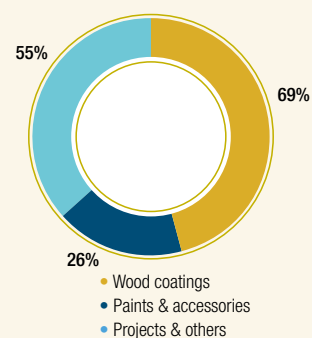
CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Shareholder,

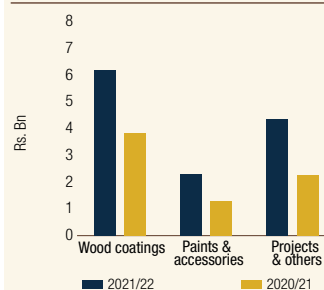
The JAT Group demonstrated remarkable resilience and adaptability amidst unprecedented challenges, to deliver record revenue and profitability during the year under review. Performance was underpinned by timely entry into new market segments, launch of several new products and innovative marketing and distribution strategies which enabled the Group to sharpen its competitive edge and strengthen its market position in key product segments. The Group recorded strong growth in both its domestic and export sales, which increased by a respective 43% and over 2-fold, to record-levels during the year under review. Despite escalating cost pressures, the Group's ongoing focus on efficiency, automation and cost rationalisation enabled the Group to record an improvement in operating profit margins; resultantly, the Group's operating profit increased by 73% while profit-for-the year doubled to Rs. 1.2 billion, the highest-profitability in the Group's operating history.

The Group's business comprises three main segments: namely, Wood coating, Paints & accessories and Projects & Furnishing. The subsequent section will provide a high-level overview of the strategy, performance and outlook for each of these segments.

Revenue Composition



Revenue Growth



CHIEF EXECUTIVE OFFICER'S REVIEW

WOOD COATING

JAT is the undisputed market leader in Sri Lanka's wood coating market, commanding a share of 55% through the exclusive representation of 'Sayerlack' - the world's leading wood coating brand, as well as Borma Wachs, JChem and Masters

STRATEGY AND PERFORMANCE

- ◆ The Wood coating segment delivered a year of record growth, with revenue increasing by 61% to Rs. 6.2 billion driven by strong growth in both the export and local markets.
- ◆ In Sri Lanka, the prevalent low interest rate scenario drove demand for housing construction and renovation and the Group swiftly capitalised on this opportunity through increasing penetration across its distribution network.
- ◆ In exports, the segment sought aggressive growth in Bangladesh, appointing a dedicated country head to drive growth while acquiring several large industrial customers thereby consolidating market leadership status in the industrial market. The Group also gained market share in Maldives and pursued new customer acquisition in India. We also recruited an International Business Development Director to focus on Africa.
- ◆ During the year, we also exceeded 132,000 loyalty customers, which marks one of the largest loyalty bases in Sri Lanka's painting industry.
- ◆ We continued to widen the product and brand portfolio, developing new propositions catering to specific customer segments; accordingly, the Segment launched the Masters' ceiling coat brand during the year while a special product was launched for the Moratuwa market under the JChem brand.
- ◆ The Segment is at the forefront of industry innovation and during the year invested in a state-of-the-art UV machine-which features superior coating capabilities.

WAY FORWARD

We anticipate the Sri Lankan market to be relatively subdued in the immediate term, given the country's macro-economic vulnerabilities. As such, we intend to strengthen our presence in export markets, pursuing growth in both existing and new markets. We are just about to commence manufacturing activities in Bangladesh, which will offer increased flexibility and cost efficiencies. The Segment hopes to widen its product proposition in Maldives, with the launch of a 3 in 1 solution under the Masters' brand. We are optimistic on the growth opportunities presented by the export markets and will leverage our strong brands, domain-specific knowledge and market expertise to drive increased penetration.

Contribution to Group

69%

Key achievements in 2021/22

- ◆ Ranked the World's No. 1 partner for Sayerlack
- ◆ Maintained market leadership position in Sri Lanka
- ◆ 61% growth in Revenue



PAINTS & ACCESSORIES

A relatively new entrant to this segment, JAT revolutionized the local decorative paint industry with its superior quality WHITE by JAT brilliant white paint and innovative e-commerce-based product offering which has enabled it to rapidly capture market share

STRATEGY AND PERFORMANCE

- ◆ The Paint Category recorded a remarkable improvement with revenue increasing by 77% to Rs. 2.28 billion.
- ◆ The performance reflects JAT's breakthrough achievements in the WHITE by JAT paint range which exceeded expectations to capture market share in the brilliant white category to gain a share of over 15% in the Brilliant white market and 7% in the total decorative market share within a short period of its launch.
- ◆ Pursuing a unique e-commerce-based distribution model, enabled WHITE by JAT to build a competitive edge through eliminating market intermediaries and thereby offering favourable pricing to its customers. The execution of an innovative and creating WHITE by JAT marketing campaign resulted in 4 Effie awards during the year, including the Bronze for the Marketing Disruptor category, the highest recognition for the award category. Further, the initiative won Bronze at Dragons of Asia awards and Gold at MAA Globes 2021.
- ◆ The brush category also delivered a stellar performance to record revenue growth of 43% and the highest top line achieved in its operating history. Collectively, Harris and Brush Master commands a market share of 25%, and is the market leader in the brushes category.
- ◆ Ongoing focus was placed on extending the product portfolio and repositioning products to appeal to target markets. The segment introduced two primers under the WHITE by JAT range and JAT brushes range was expanded to modern trade.
- ◆ The segment leveraged its manufacturing capabilities to drive production efficiencies through backward integration of the brush-making facility and automation including manufacturing roller brushes which were previously imported.

WAY FORWARD

The outlook for the segment remains positive although demand growth is expected to moderate in the short term. We will pursue aggressive growth in the WHITE by JAT range, which presents significant opportunities for expansion given its superior product quality and attractive pricing. The segment hopes to continue building a strong product pipeline to pursue further penetration in our value-added portfolio through leveraging its R&D capabilities. We will continue to uplift the local industry by taking leadership to develop the skills and competency of painters through professional training. JAT is well placed to capitalize its strong brand and expect to further increase market penetration through its unique product propositions.

Contribution to Group

26%

Key achievements in 2021/22

- ◆ 77% growth in revenue
- ◆ Gained over 7% market share since launch in 2019/20



CHIEF EXECUTIVE OFFICER'S REVIEW

PROJECTS & FURNISHING

With its unique offerings and strong partnerships with foreign Principals, JAT is one of the leading suppliers of a range of furnishing and finishing solutions for real estate projects in Sri Lanka.

STRATEGY AND PERFORMANCE

- ◆ The Segment leveraged its strong reputation and world-class brand portfolio to increase customer acquisition, securing several residential and commercial development projects during the year.
- ◆ Renewed focus on home comforts and increased sophistication in lifestyles saw an increase in demand for domestic furnishing solutions. The development of luxury apartment projects has spurred further demand to create modern living spaces. Through its unique product offerings and expertise of the strong inhouse technical team, JAT has secured contracts in several prestigious projects and maintains a strong position to cater to the projects space with an existing pipeline of over Rs. 1.5 Bn.
- ◆ Further expanding its market presence, JAT introduced the concept of experience centers with immersive showrooms at Thalawathugoda and Shangri-la One Galle Face to offer customers an engaging experience.
- ◆ The Group obtained the SP1 accreditation for ceilings and painting awarded by the Construction Industry Development Authority – the highest grading in this category.
- ◆ JAT continues to offer pioneering solutions to the office furniture market with the introduction of ergonomic designs focused on reducing the physiological and biomechanical stresses on the seated body through its partnership with Herman Miller.
- ◆ Strategic emphasis was placed during the year on expanding penetration to the sanitizer market through the launch of two new products in the JAT care range.

WAY FORWARD

The sharp increase in input materials, coupled with the escalation inflation and import restrictions, is expected to lead to an inevitable slowdown in the construction sector. Given JAT's leading market position in the bespoke kitchen segment, JAT is well positioned to capitalize on opportunities presented by the gradual recovery of BOI infrastructure projects.

Contribution to Group

5%

Key achievements in 2021/22

- ◆ **91%** revenue growth from a subdued previous year
- ◆ Secured projects worth Rs. 1.5 billion



As we look to another exciting year, I am confident that JAT will arise above the prevalent challenges to emerge a stronger and more resilient organisation. I would like to take this opportunity to thank the Chairman and the Managing Director for their continued guidance and confidence placed in me. I am proud to be part of such a committed and inspiring team and I would like to extend my deepest gratitude to the JAT Team and look

forward to working with them in the future.

Nishal Ferdinando
Director / Chief Executive Officer

BOARD OF DIRECTORS

25

JAT HOLDINGS PLC
ANNUAL REPORT 2021/22



Left to Right:

Seated:

Aelian Gunawardene - Founder and Managing Director - Executive Director

Dr. S. Selliah - Chairman - Non-Executive Director - Independent

Standing:

Joyce Gunawardene - Non-Executive Director - Non-Independent

Nishal Ferdinando - Chief Executive Officer - Executive Director

Hussain Akbarally - Non-Executive Director - Independent

Anika Williamson - Non-Executive Director - Non-Independent

Richard Gunawardene - Non-Executive Director - Non-Independent

Devaka Cooray - Non-Executive Director - Independent

Priyanthi Pieris - Non-Executive Director - Independent



DR. S. SELLIAH

Chairman
Non-Executive Director
Independent

Dr. Selliah was appointed to the Board of Directors of JAT Holdings in 2014 and has been the Chairman since then. With over two decades of diverse experience in multiple fields including manufacturing, healthcare, insurance, logistics and packaging, renewable power, plantation, retail etc., he holds an MBBS degree and a Master's degree (M.Phil).

Dr. Selliah is currently the Deputy Chairman of Asiri Hospitals Holdings PLC and the Deputy Chairman of Asiri Surgical Hospital PLC. He is a Director of HNB Assurance PLC, Lanka Tiles PLC, Softlogic Holdings PLC, ODEL PLC, Lanka Walltiles PLC, ACL Cables PLC, Lanka Ceramic PLC, Swisstek (Ceylon) PLC and Swisstek Aluminum Pvt Ltd. He is also the Deputy Chairman of Central Hospital Ltd. Dr. Selliah is also the Chairman of Cleanco Lanka (Pvt) Ltd, and Vydexa (Lanka) Power Corporation (Pvt) Ltd. He is the Deputy Chairman of Evoke International Ltd too. He has also served as a Senior Lecturer in the Medical Faculty for many years in the past. Currently he serves as a Council Member of the University of Colombo.

Dr. Selliah also serves on Board sub committees of some of the companies listed above as a Member or Chairman: Human Resource and Remuneration Committee, Related Party Transactions Committee, Audit Committee, Investment Committee and Strategic Planning Committee.



AELIAN GUNAWARDENE

Founder and Managing Director
Executive Director

Aelian is the Founder and Managing Director of JAT Holdings PLC and has been the driving force of the company. As a Marketing professional he has pioneered innovations while increasing JAT's presence both locally and internationally and has built unequivocal brand equity. He has successfully led JAT to the recognition of being the only private company in Sri Lanka to be awarded a Moody's ICRA rating of 'A+' (Stable) outlook for five consecutive years by bringing in a professional team to run the Company. Together with his team Aelian effectively listed JAT on the Colombo Stock Exchange in 2021.

Aelian is one of Sri Lanka's most respected corporate leaders, contributing more than 28 years of leadership experience and strategic expertise to the Board. In the year 2017, he was awarded the honour of Sri Lanka's Entrepreneur of the Year and was also recognized among LMD's 'Top 23 Business People of the Year.' In addition, he has been on the LMD's A List consecutively since 2018; a list that features the top business leaders of Sri Lanka.



NISHAL FERDINANDO

Chief Executive Officer
Executive Director

Nishal was appointed to the Board of Directors during 2021 and has served as the CEO of the Group since 2017, under whose leadership the Company witnessed sustainable growth amidst many external adversities. He has over 12 years of experience in functioning as an Executive Director and over 17 years of experience in the construction, manufacturing and trading industries. He currently serves as

a Director of Flexospan Steel Buildings (Pvt) Ltd and Flexospan Bangladesh (Pvt) Ltd.

Under his leadership, JAT has experienced a remarkable period of growth and expansion, with the Company's listing on the Colombo Stock Exchange, obtaining the exclusive license to manufacture and distribute Harris Brushes and Rollers in Sri Lanka, launching of the flagship brand of premium quality emulsion paint WHITE by JAT backed by a unique e-commerce driven business model, expanding to Africa and setting up a manufacturing plant in Bangladesh.

His academic background extends to Finance, Project Management and Business Administration. He is an Alumni at the Harvard Business School. He further holds an MBA from the University of Wales, an Advanced Diploma in Management Accounting from CIMA (UK) and a Post Graduate Certificate in Project Management from University of Southern Queensland.

He was an Executive Director serving on the Board of a leading construction company in Sri Lanka at the age of 27 until he joined JAT.



PRIYANTHI PIERIS

Non-Executive Director
Independent

Priyanthi is an Attorney-at-Law of the Supreme Court of Sri Lanka, and a Solicitor of England and Wales. With over 40 years of experience in the field of Corporate/ Securities Law, Priyanthi's expertise spans across handling corporate restructuring, privatisations, capital market transactions, take-overs, mergers and amalgamations. Priyanthi also serves on the Boards of Kapruka Holdings PLC, Associated Electrical Corporation (Pvt) Ltd, MTN Corporate Consultants (Pvt) Ltd, and is the current Chairperson / Consultant of P W Corporate Secretarial (Pvt) Ltd – a firm which provides capital market related services to listed companies. She has also served as the Legal Advisor to the Ministry of Finance from 2002 to 2004. She was a Legal consultant to the Colombo Stock Exchange (2004-2011), a

Member of the Committee of the Securities and Exchange Commission of Sri Lanka on Takeovers and Mergers Code, a Member of the Corporate Governance Committee of the Institute of Chartered Accountants, and a Member of the Law Commission (2020). She has served on the Boards of Asia Asset Finance PLC (2012-2021), LOLC Finance PLC (2012-2021), and Abans Electricals PLC (2012-2021).



HUSSAIN AKBARALLY

**Non-Executive Director
Independent**

Hussain holds a degree in Science from the University of Melbourne, and an MBA from Harvard Business School. Hussain currently serves as an Executive Director of Akbar Brothers (Pvt) Ltd and its subsidiaries. Akbar Brothers is Sri Lanka's largest exporter of Ceylon Tea to the international market and has diversified interests in the areas of pharmaceuticals, import trading, renewable energy, property management, manufacturing, hospitality, agriculture and environmental control. Hussain has spearheaded the Group's ventures into the avenues of solar power, hospitality and agriculture amongst others.

He was honoured as one of the New Energy Leaders by the Asian Development Bank in 2018 for his work in the renewable energy sphere. He is the current Chapter Chair for YPO Colombo and serves as the treasurer of the Ceylon Motor Sports Club.



DEVAKA COORAY

**Non-Executive Director
Independent**

Devaka is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants of the United Kingdom.

He has worked with Ernst & Young for over 40 years. 30 years of which was as a Senior Assurance and Talent Partner. He functioned as the Deputy Managing Partner from 2016 to 2019 and served as a member of Ernst & Young's Management Committee from the time the Management Committee was established in 1998 until his retirement in 2019. He was instrumental in establishing the Ernst & Young Practice in the Republic of Maldives in 1995 and functioned as the Partner responsible for the overall management of the Maldivian Practice from its inception. He represented Sri Lanka and Maldives for a number of years in the EY ASEAN Regional Partner Forum. He was seconded to EY USA for a year, where he gained practical experience by being part of assurance teams that performed audit engagements on several large enterprises.

Devaka also spearheaded the Ernst and Young Sri Lanka/Maldives Family Business Centre for Excellence which was instrumental in sending several eminent second-generation family members to business schools worldwide. He has also served as a member of the Council of the Chartered Institute of Management Accountants UK. Devaka is the Chairman of United Motors and its Subsidiaries, Managing Director of Management Systems (Pvt) Ltd and a Director of some of its Subsidiaries and also serves as a Director of Hatton National Bank PLC, HVA Foods PLC, and Life Insurance Corporation (Lanka) Ltd.



ANIKA WILLIAMSON

**Non-Executive Director
Non-Independent**

Anika was appointed to the JAT Holdings board in 2020. She currently serves as an Executive Director of JAT Global (Private) Limited and was appointed as the Finance Director of JAT Property Group (Private) Limited in 2020. She has over 9 years of experience working in finance, import and export and banking industries and holds a Double Degree in Accounting and Entrepreneurship from Curtin University, Australia and was a member of the prestigious Pro Vice Chancellor's Chapter.



RICHARD GUNAWARDENE

**Non-Executive Director
Non-Independent**

Richard, a marketing professional with multifaceted experience within and outside the JAT Group, was appointed to the Board of JAT in 2020. He currently serves as an Executive Director to Worldwide Resins & Chemicals (Private) Limited. In 2017, Richard co-founded JAT Property Group (Private) Limited. He is also the Co-Founder of APEX Asia Investment (Pvt) Ltd and RSS Capital (Pvt) Ltd. Richard is one of the founding members of EO Sri Lanka (Entrepreneurs Organisation). He holds a Bachelors' Degree in Entrepreneurship and Marketing from Curtin University, Western Australia. He was listed in the LMD A-list of Millennial Torchbearers in 2020.



JOYCE GUNAWARDENE

**Non-Executive Director
Non-Independent**

Joyce currently serves as an Executive Director to Brush Master (Private) Limited. She has over 15 years of experience in the field of Advertising and Promotion and was appointed to the Board of Directors of JAT Holdings in 2015. She holds a B.Sc. Degree in Psychology from the University of NSW Australia.

CORPORATE MANAGEMENT COMMITTEE



AELIAN GUNAWARDENE

Founder / Managing Director

Please refer profile under Board of Directors on page 26.



NISHAL FERDINANDO

Director / Chief Executive Officer

Please refer profile under Board of Directors on page 26.



WASANTHA GUNARATNE

Director Sales & Technical

Wasantha holds over two decades of experience in Sales, Marketing and Technical training at JAT Holdings. He has pioneered the introduction of waterbase wood coatings to Sri Lanka. He brings in wide international exposure including specialised training and exposure working with business principals in Italy, UK and USA. He holds an MBA from Anglia Ruskin University, UK. Wasantha is a member of the panel of judges of the National Sales Congress Conducted by Sri Lanka Institute of Marketing (SLIM – NASCO).



RIZNA DILSHARD

Director Finance

Rizna joined JAT in 2015 and is a senior finance professional posing over 25 years' experience in the field of finance and management, manufacturing, retail and import/export trade. She serves as the Finance Director of JAT Holdings PLC from 2016. Her well-founded finance and management knowledge coupled with her expertise and experience, provides effective direction to the company's financial strategy formulation.

She is a Fellow member (FCMA) of the Chartered Institute of Management Accountants (CIMA) and is a prize winner of the CIMA Institute of Sri Lanka obtaining best results at the final examination.



GAURAV JAIN

Director – International Business Development

Gaurav joined JAT Holdings in 2021. He holds a Bachelor's degree in Commerce and three decades of global experience that spans over five continents specializing in identifying and maximizing overseas market opportunities for business development. Driving JAT's strategy to consolidate and grow its business in international markets, Gaurav overlooks JAT's international business operations in Africa, Maldives and India.



SOMASUNDARAM SIVASUBRAMANIAM

Senior General Manager - Treasury

Siva joined JAT Holdings in 1999. He has obtained an Associate Membership (ACA) from the Institute of Chartered Accountants, Sri Lanka and holds an MBA in Finance from Cardiff Metropolitan University UK. He possesses industry experience of over 28 years and provides sound treasury management services.



GAVIN VANDORT

General Manager - Project Sales

Gavin commenced work at JAT in February 2007 and has over 15 years of industry experience related to sales, marketing, implementation, and operations in the specialized commercial interior contracts sector. He has been instrumental in acquiring international franchises, in interior related brands to the JAT furnishing portfolio; Furthermore, he has led from the front in acquiring prestigious projects for the Company while actively contributing to JAT Holdings PLC's top and bottom line.



KAUSHALYA KOTUWAGE

General Manager - Human Resources & Sustainability

Kaushalya was appointed as the Head of Human Resources and Corporate Sustainability of JAT Holdings in October 2018. He holds an MBA from the University of Wolverhampton in UK and a Bachelor's Degree (special) in Environmental Science and Natural Resource Management (SUSL). He has obtained ANDHRM qualification and currently reading for CQHRM. He is a Six Sigma Black Belt Practitioner as well.



SHAMARA WANNIARACHCHI

General Manager - Manufacturing

Shamara joined JAT Holdings in March 2019 with 13 years of experience. Prior to joining JAT, he has worked as the Senior Production and Quality Assurance Manager at a leading manufacturing and trading company and holds over 13 years of experience. He holds an MBA from the University of Colombo and a Bachelor's Degree in BSc. (Hons) from University of Moratuwa specialising in Mechanical Engineering. He is an Associate Member of the Institute of Engineers, Sri Lanka and at the Japan Sri Lanka Technical and Cultural Association (JASTECA) Furthermore he is a certified 5S auditor.



AJITH BANDARA

General Manager - Research & Development

Ajith was appointed as a General Manager at JAT Holdings in October 2019 with 18 years of experience in the industry. He has completed his bachelor's degree in the field of Chemistry at University of Kelaniya and MBA at University of Colombo.



DILSHAN RODRIGO

General Manager - Marketing

Dilshan was appointed as a General Manager at JAT Holdings in November 2019 and has over 19 years of industry experience. He holds a Degree in Computer Science and a Postgraduate Diploma in IT from the University of Brunel. He possesses an MBA from the Post Graduate Institute of Management (PIM, affiliated to the University of Sri Jayewardenepura) and is also an Associate Member of the Chartered Institute of Marketing, UK.



BODHI WILLIAMSON

General Manager - Technical

Bodhi Williamson joined JAT Holdings as the General Manager of the Technical Department in 2020. He studied a BSc. with Honours at Curtin University in Australia, and has a strong background in science and engineering, having worked in Australia for an international consultancy with a diverse range of clients including major oil, gas and mining companies, and government / regulatory departments.

**NIROSHA THAWALAMPITIYA****General Manager - Commercial**

Nirosha joined JAT Holdings in February 2007 and is currently the General Manager – Commercial. She is a highly focused profit-oriented and enthusiastic team player who has over 21 years of experience including local and foreign exposure in various fields and industries such as exports to many countries in South Asian and African countries, imports, manufacturing, trading, printing, scheduling, planning and processing etc.

**RANGA ABAYAKOON****Country Head – Bangladesh**

Ranga was appointed as the Country-Head for JAT Holdings Bangladesh in March 2021. He has more than 18 years of experience in automotive, retail and B2B sectors. He holds an MBA from Cardiff Metropolitan University and is a member of Chartered Institute of Marketing – UK. He has held senior management positions in leading automobile and retail companies in Sri Lanka as well as in Bangladesh.

SUBSIDIARY DIRECTORS

1 BRUSH MASTER (PVT) LTD

Aelian Gunawardene
Joycelyn Gunawardene
Kalidas Nadar Prem Sagar
Kalidas Prabhu Darshan

2 WORLDWIDE RESINS & CHEMICALS (PRIVATE) LIMITED

S. Sivasubramaniam
Mangala Attanayake
Richard Gunawardene

3 JAT EXPORTS (PVT) LTD

Aelian Gunawardene
Richard Gunawardene

4 JAT EXPORTS DMCC

Anika Williamson

5 JAT GLOBAL PRIVATE LIMITED

Anika Williamson

6 ASIA COATINGS (PVT) LTD SUBSIDIARY OF JAT EXPORTS DMCC

Richard Gunawardene
Anika Williamson

SENIOR MANAGEMENT



SHANE DIRCKZE

Factory Administration
Specialist cum Employee Counsellor



CHAMINDA GULAWITA

Assistant General Manager -
Industrial Sales



MAITHRI VITHANAGE

Assistant General Manager - Retail Sales



D. D. RUBASINGHE

Head of Recovery and
Investigations



JUDE FREDRICK

Head of Internal Audit and Process
Excellence



KUMARA RANAWAKA

Assistant General Manager -
Warehouse



ERANDA DANDENIYA

Senior Manager - Technical



RAJESH ARIYARATNE

Senior Manager - Technical



JANAKA DEEPAL
Senior Manager - Production



SANTHA GEETHADEWA
Senior Manager - Credit Control



JANITHA VIMUKTHI
Finance Manager



NUWAN PINTO
Senior Manager - Warehouse



LASANTHA RANAWAKA
Senior Manager - Research and Development



KASUN ATAPATTU
Senior Cost Accountant



THUSHARA YASARATHNA
Senior Manager - Administration
& Facility Management



SHALINDA RAJAPAKSHA
Senior Manager - IT & ERP

ABOUT US

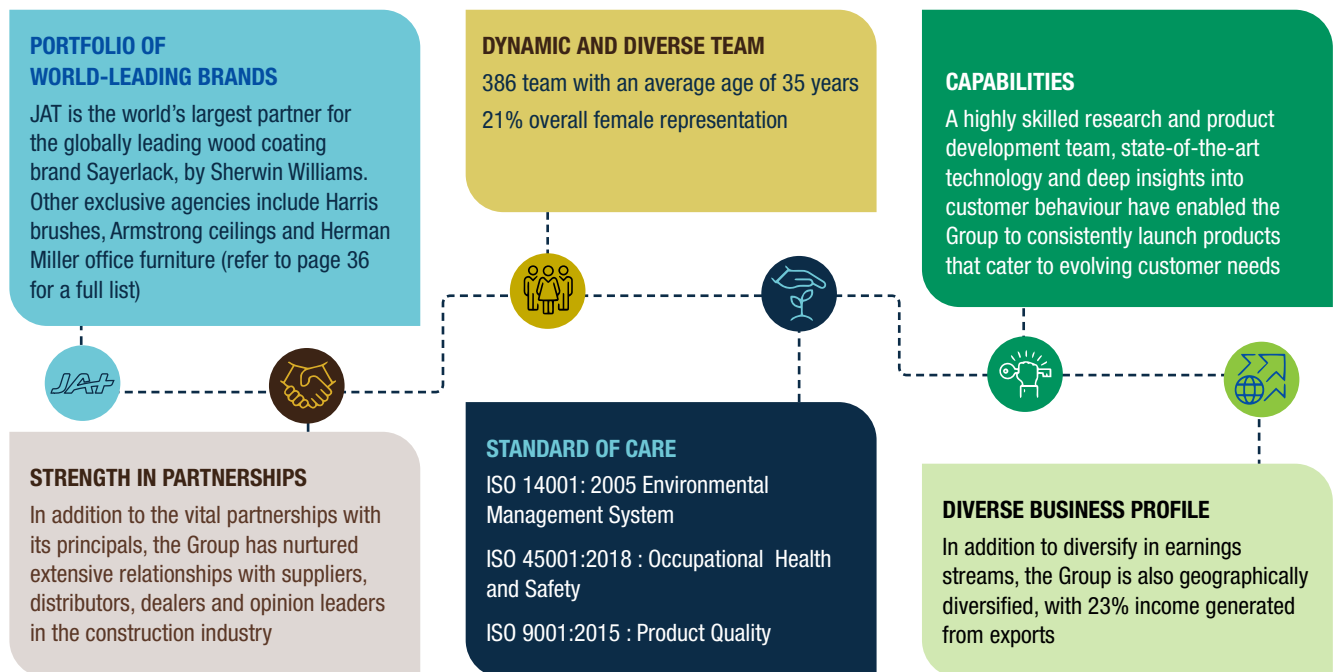
TRANSFORMING SPACES

JAT Holdings is Sri Lanka's leading provider of finishing and furnishing solutions, commanding dominant market positions in its key business lines of wood coatings, brushes and luxury kitchens. Exclusive partnerships with numerous world-leading brands, together with bold and transformative growth strategies has propelled the Group from its humble beginnings to a dynamic and innovation-led market leader. In addition to consistent product diversification, the Group also pursued geographical expansion and is now the market leader for wood coating solutions in Bangladesh and the Maldives, in addition to a growing footprint in Africa.

Having commenced operations as a single-business, family-held interest in 1993, the Group's evolution to the enterprise it is today, represents visionary leadership, professional management and strong governance practices which have been in alignment with industry best practices.

In 2021, JAT marked another major milestone in its operating history by listing its shares on the Colombo Stock Exchange, thereby broad basing its ownership with a view to unlocking value over the long-term.

WHAT SETS US APART



OUR BUSINESSES AND BRANDS

69%
Revenue

WOOD COATING SOLUTIONS

The Group is the market leader in the segment, offering a range of interior, exterior, water-based and solvent-based products. As the Group's flagship product and first business line, an established track record in wood coating enabled the Group to venture to other complementary product and market segments

SAYERLACK
INNOVATIVE WOOD SOLUTIONS

J CHEM

BORMA WACHS **Masters**

26%
Revenue

DECORATIVE PAINTS & ACCESSORIES

Through this segment, we offer a wide range of high-quality interior and exterior enamel paints, decorating tools, paint brushes and rollers.

WHITE
by **JAT**

Harris

BrushMaster
ব্রশ মাস্টার

5%
Revenue

FURNISHING SOLUTIONS AND PROJECTS

The Group offers a range of residential and commercial interior fit-outs including bespoke kitchens, wardrobes, ergonomic office furniture and storage, commercial acoustical and architectural ceiling solutions and flooring solutions

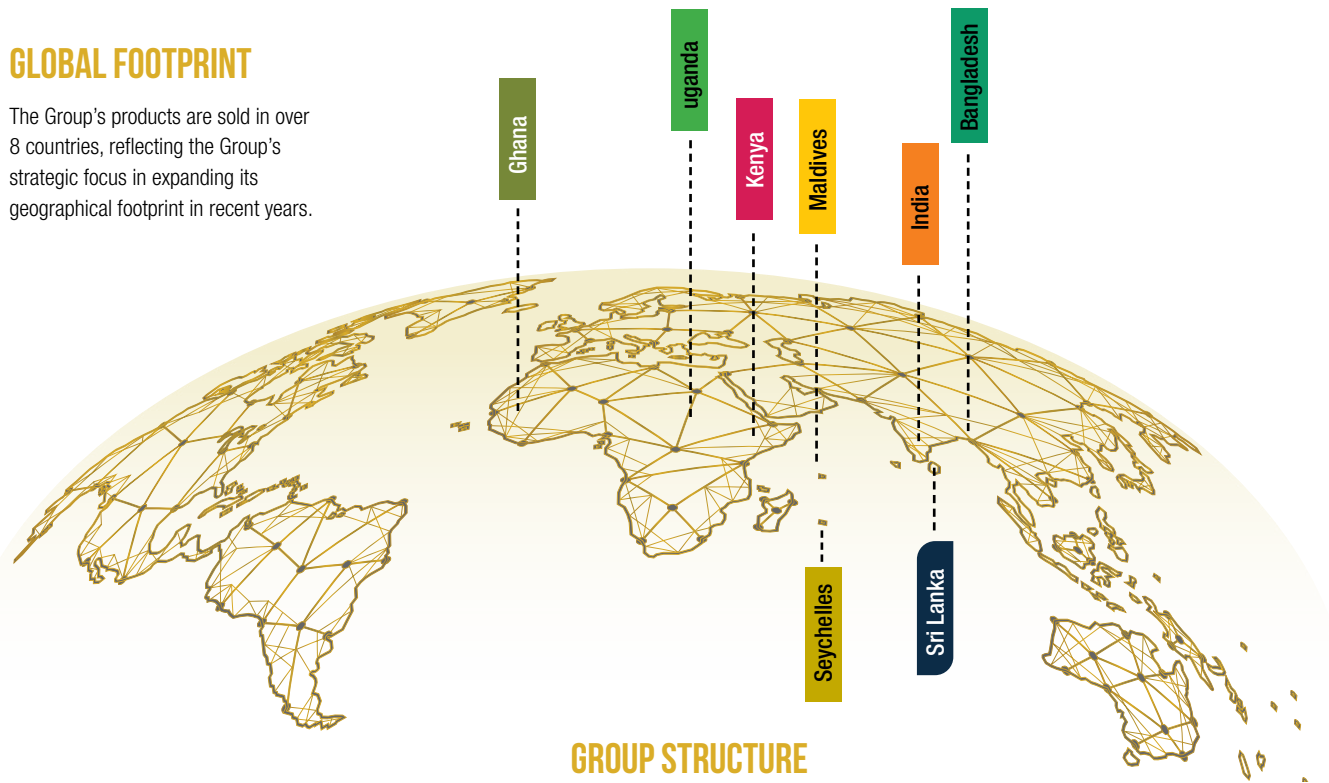
Herman Miller

LIFEWOOD **SEA**
GERMANY

Armstrong **HOUROS**

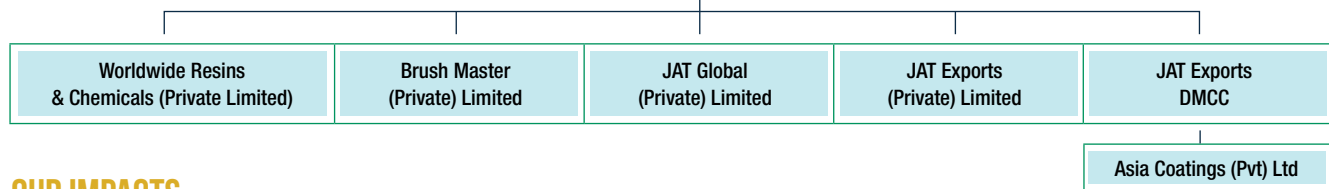
GLOBAL FOOTPRINT

The Group's products are sold in over 8 countries, reflecting the Group's strategic focus in expanding its geographical footprint in recent years.



GROUP STRUCTURE

JAT HOLDINGS PLC



OUR IMPACTS

SOCIAL IMPACTS

Salaries and remuneration: Rs. 745 million
 Investments in training: Rs. 4.4 million
 Payments to suppliers: Rs. 5,944 million
 Community investment: Rs. 1.3 million



ENVIRONMENTAL IMPACTS

Renewable energy generated: 262 Mwh
 Water consumption: 9,293 M3
 Solid waste disposed: 59,370 kg
 Waste recycled: 63,924 kg
 Effluents generated: 130 M³
 Carbon footprint generated: 4,813 tCO₂e



OUR IMPACTS

ECONOMIC IMPACTS

Economic value created: Rs. 741 million
 Export income generated: Rs 2,018 million
 Investment in R&D: Rs. 36.5 million
 Investment in expansion: Rs. 265 million
 Investment in skill development of applicators: Rs. 4.5 million
 Value of shares listed on CSE: Rs. 8.1 billion
 New employment generated: 121



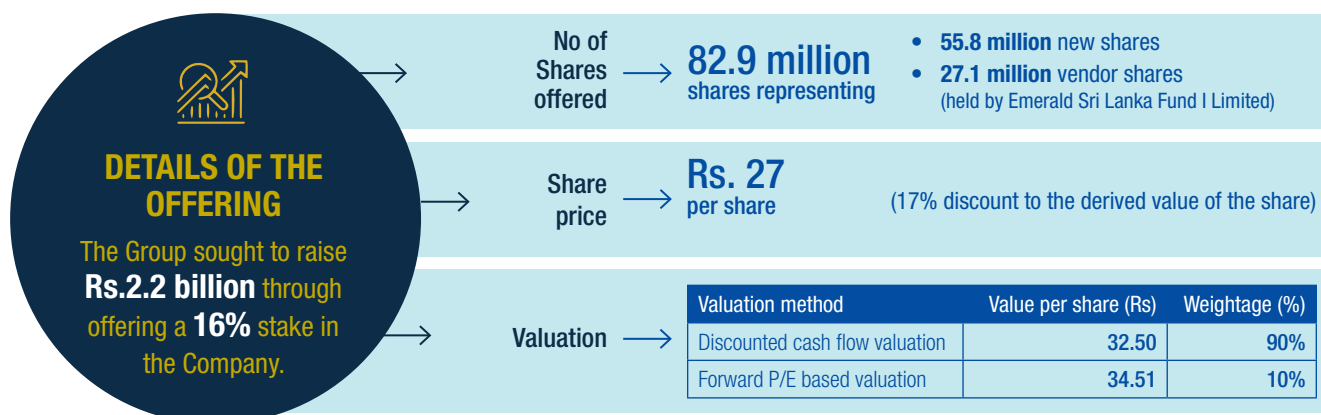
TAX IMPACTS

Corporate income tax paid: Rs. 9.5 million
 Customs duty on imports: Rs. 722 million
 Value Added Tax: Rs. 180 million



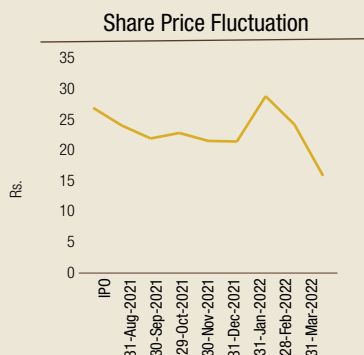
UNLOCKING VALUE-THE INITIAL PUBLIC OFFERING

Despite significant macro-economic uncertainty and COVID-19 led disruptions that prevailed for most part of 2021, JAT's intention to publicly list its shares through an IPO, represents the characteristic boldness and optimism the Group has demonstrated since its inception. Accordingly, the IPO represented the 3rd listing on the CSE following the outbreak of COVID-19 in Sri Lanka in March 2020. Capital Alliance Partners Limited (CAL) and NDB Investment Bank acted as financial advisors and managers to the offer, which opened on the 20th of July 2021. In engaging and promoting the IPO among potential investors, the Group sought to strengthen its corporate brand and leveraged digital channels to approach the target market in an effective and efficient manner. Given the conditions of limited mobility that prevailed, the Group adopted a digital-first approach, which included launching a dedicated IPO website through which the Prospectus could be downloaded, and applications for share purchase submitted seamlessly.



SUCCESS OF THE OFFERING

The IPO received immense investor interest and market demand with the shares over subscribed by nearly two times within a short duration, reflecting investor optimism on the Group's upside potential. **Accordingly, the Group received applications worth Rs. 3.95 billion**



Top 10 shareholder at IPO

NAME	12-Aug-21
A. W. GUNAWARDENE	329,856,544
FALCON TRADING (PVT) LTD	27,077,498
R. W. GUNAWARDENE	13,717,832
A. N. WILLAMSON	13,717,832
J. GUNAWARDENE	9,145,221
SRI LANKA INSURANCE CORPORATION (LIFE FUND)	7,400,000
SSBT-ARK GLOBAL EMERGING COMPANIES,LP	5,555,500
ADAMJEE LUKMANJEE & SONS (PVT) LTD	5,332,000
A. KAILASAPILLAI	4,240,000
A. SELLIAH	4,240,000

OBJECTIVES OF THE FUND RAISING

Establishing a fully-fledged, state-of-the-art R&D Centre for all coatings, one of the largest of its kind in South Asia



Investment
RS. 433.2
million

Establishing a manufacturing facility in Bangladesh, positioning it to leverage its strong brand presence in the country to increase market share



Investment
RS. 515.4
million

Expanding White by JAT proposition, marketing and development



Investment
RS. 256.9
million

Establishing a manufacturing facility in East Africa, to cater to the African region through affordable pricing supported by the benefits provided by the regional trade agreements in Africa



Investment
RS. 302.0
million

PROGRESS IN INVESTMENTS

Having secured the required premises to set up its manufacturing facility in Bangladesh, the Group commenced construction of the facility which is currently ahead of schedule and expected to be completed this year. Through this investment, the Group will successfully diversify its manufacturing footprint and drive increased penetration in the Bangladeshi market, which presents significant potential for growth.

The Group has commenced setup of the R&D Centre which is expected to be completed by September 2022. The shortage in foreign currency in Sri Lanka and resultant difficulties in importing the required laboratory equipment and technology has been a key challenge in driving forward this project.

STRATEGIC POSITIONING VALUE CREATION MODEL

CAPITAL INPUTS

Financial
Capital

Financial resources that are available to drive strategy and expansion plans

Shareholders' funds
Rs 7,755 million

Debt

Rs. 1,289 million

(Page 46 for more information)

Manufactured
Capital

Physical infrastructure which includes manufacturing plants and technology

Property, plant and equipment

Rs 1,668 million

Production capacity

Paint: 7,680,000 L

Brush: 1,680,000 Nos

(Page 49 for more information)

Human
Capital

Skills, competencies and passion of 386 employees

(Page 52 for more information)

Social &
Relationship
Capital

Relationships nurtured across the Group's procurement and distribution networks and communities.

15+ Principals

28 Distributors

5000+ Dealers

(Page 65 for more information)

Intellectual
Capital

Tacit knowledge and capacity for innovation innovation

Systems, processes and standards

Strength of our brands

(Page 57 for more information)

Natural
Capital

Water use: 9,293 M3

Energy consumption: 2,519,873 MJ

(Page 72 for more information)



VISION Be the brand of choice to the finishing, living and furnishing industries in South Asia



WOOD COATING SOLUTIONS

PRODUCT LINES



DECORATIVE PAINTS AND OTHER ACCESSORIES

STRATEGIC PRIORITIES



Profitable growth



Innovation

OPERATING LANDSCAPE

Economic headwinds

Government policy

STAKEHOLDER AND BUSINESS



FINANCIAL CAPITAL

- +** Rs. 1,211 million profit after tax
- +** Rs. 405 million dividend payments
- Share price decline of 41%
- +** Rs. 15.19 Net asset value per share
- +** Return on equity of 18.55%



MANUFACTURED CAPITAL

- +** Rs. 265 million capital expenditure
- +** Increase in capacity
Paint: 40%
Brush: 25%
- +** Overall efficiency ratio: 85%
- +** 63% increase in production volumes
- +** Increase in production volumes:
Paint: 62%
Brush: 3%

FURNISHING SOLUTIONS
AND PROJECTS

OTHERS

Operational
excellencePeople &
partnerships

Sustainability

Construction
sector demandCustomer
behaviourInflationary
pressuresManufacturing
operationsProcurement of
raw materials
and selected
finished goodsMarketing and
PromotionsKEY
ACTIVITIESSales and
DistributionMaintaining
customer
relationships

OUTPUTS

+ 5.9

Liters of
wood coating
manufactured

+ 0.7 MN

Brushes
manufactured

+ 252

Kitchens and
wardrobes
installed

+ 104

Projects
completed

- 59,370

kg solid
waste
disposed

- 130

M3 effluents
generated

- 4,813

tCO2e carbon footprint

+ Positive outcomes - Negative outcomes

OUTCOMES IN 2021/22



HUMAN CAPITAL

- + Rs. 745 million payments to employees
- + Rs. 4.4 million investment in training
- + 8,573 training hours
- 10 occupational injuries



SOCIAL & RELATIONSHIP CAPITAL

- + Rs. 5,944 million payments to suppliers
- + Rs. 4.5 million in capacity building across value chain
- + Rs. 1.3 million investments in community initiatives
- Zero community grievances



INTELLECTUAL CAPITAL

- + Rs. 36.5 million investment in R&D
- + Initiatives to drive efficiency improvements
- + 11 awards won



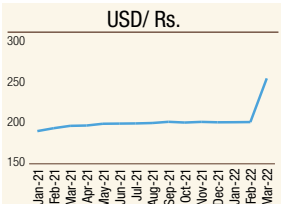
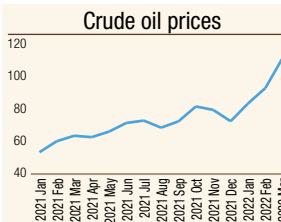
NATURAL CAPITAL

- + 262 Mwh renewable energy generated
- 59,370 kg solid waste disposed
- 9,293 M3 water consumption
- 4,813 tCO2e carbon footprint

STRATEGIC POSITIONING

OUR OPERATING ENVIRONMENT

Dynamics in the operating environment play a key role in shaping strategy, strategy and value creation and the Group proactively monitors evolving market trends to ensure that risks are identified and mitigated while opportunities are seized. The table below provides a high-level overview on the Group's operating landscaped during the year.

PESTEL factor	Implications on the Group	How we are responding	Strategic pillar								
Global economy: Global GDP growth improved to 5.9% in 2021 reflecting rebound from advanced economies, which benefitted from significant fiscal stimulus following pandemic-led disruptions. Stronger commodity prices and the release of pent-up demand resulted in emerging markets and developing economies growing by 6.5% during the year. The outlook for 2022, however, remains volatile given potential implications from the Ukrain and Russia conflict which could give rise to disruptions in supply chains.	Growth opportunities in the South Asian and African region in which the Group has a strong foothold The surge in freight rates and commodity prices will impact the Group's cost of production, affecting profitability	Proactive engagement with suppliers in securing adequate stocks Strategic focus on efficiencies, automation and cost management	 Profitable growth  Operational excellence								
Domestic economy: Sri Lanka's macro-economic vulnerabilities exacerbated during the year, reflecting pandemic- led disruptions and the severe shortage of foreign exchange in the country. GDP grew by 3.7% in 2021 (2020: contraction of 3.6%), with strong rebound in the first quarter of the year. However, activity moderated during the second half of the year worsening in the first quarter of 2022 reflecting the crippling effects of the foreign exchange crisis. The regulator allowed market forces to determine the exchange rate from March 2022, resulting in the Sri Lanka Rupee has depreciating by 30% (monthly average) in FY March 2022. 	<table><thead><tr><th>Economic variable</th><th>Implications</th></tr></thead><tbody><tr><td>Increase in interest rates with monetary policy tightening</td><td>Increased cost of borrowings</td></tr><tr><td>Sharp depreciation in the exchange rate</td><td>While favorable on exports, has led to a significant escalation in the cost of imported raw materials</td></tr><tr><td>Escalating inflationary pressures</td><td>Implications on disposable income and consumer sentiments</td></tr></tbody></table>	Economic variable	Implications	Increase in interest rates with monetary policy tightening	Increased cost of borrowings	Sharp depreciation in the exchange rate	While favorable on exports, has led to a significant escalation in the cost of imported raw materials	Escalating inflationary pressures	Implications on disposable income and consumer sentiments	Pursue increased growth in export markets to diversify earnings profile Leverage strong partnerships with banks and principals to ensure continuity of raw material imports Proactive and effective working capital management strategies Pursue opportunities in new market segments and products	 Profitable growth  Innovation  Operational excellence  People & partnerships
Economic variable	Implications										
Increase in interest rates with monetary policy tightening	Increased cost of borrowings										
Sharp depreciation in the exchange rate	While favorable on exports, has led to a significant escalation in the cost of imported raw materials										
Escalating inflationary pressures	Implications on disposable income and consumer sentiments										
Commodity prices: Stronger industrial activity, and supply chain disruptions in major markets resulted in commodity prices surging in 2021. However, energy prices are expected to stabilise in 2022, with supply constraints easing and demand growth slowing. 	The sharp increase in oil prices have contributed to the sharp increase in freight rates and related raw material inputs, which have affected the Group's cost of production.	Proactive monitoring of global oil prices and effective demand planning Pursue growth in new products and market segments	 Profitable growth  Operational excellence  People & partnerships								
Government policy: In view of the country's precarious external position, the CBSL implemented several measures to preserve foreign currency outflows from the country. These included restrictions of selected imports, limitations on entering forward rate contracts, mandatory conversion of export proceeds, and requirement of 100% cash margin on selected imports.	80% of the Group's raw materials are imported and difficulty in sourcing inputs would have an inevitable impact on the continuity and cost of production	Rationalisation and streamlining of Stock Keeping Units, with strategic focus on the fast-moving items. Maintain buffer stocks Alternative products advised by the R&D team	 Operational excellence								
Construction Sector: The country's construction sector recovered to record a growth of 1.9% in 2021, compared to a contraction of 13.2% the previous year. While demand conditions were robust in view of the release of pent-up demand, although shortage in raw materials hindered the full recovery of the Sector	Demand for the Group's products are directly correlated to that of the Construction Sector	Widen the product portfolio with new propositions catering to the value for money proposition Pursue regional expansion	 Profitable growth  Innovation								

The Group maintains engagement with a broad range of stakeholders who influence our decisions and are in turn impacted by our operations. We are cognisant of the critical importance identifying and responding to the concerns of our stakeholders through open, transparent and regular dialogue. Our stakeholder engagement frameworks are aimed at building credibility as a partner and creating shared sustainable value. Our approach to stakeholder engagement is set out alongside:

Key highlights of the Group's stakeholder engagement mechanisms and value created to stakeholders during the year are given below:



Shareholders			
4,858 Shareholders	 →	VALUE CREATED	RS. 1,211 MILLION Profit after tax RS. 405 MILLION Dividend payments
ENGAGEMENT IN 2021/22 → Board representation of major shareholders → Annual General Meeting and publication of Annual Report (annually) → Interim financial statements (quarterly) → Announcements to the Colombo Stock Exchange (continuous basis) → Corporate website (continuous basis) → Press releases (Quarterly) → One-to-one engagement (when required)	Topics and concerns → Implications of the macro-economic conditions on financial performance → Transparent, clear, accurate and timely communication → Share price performance → Effective allocation of capital → Robust governance and risk management practices → Resilience and effectiveness of strategy Our response → Proactively pursued our strategic ambitions, enabling strong resilience in performance → Maintained open and transparent communication → Proactive risk management practices to mitigate against emerging risks → Focus on preserving balance sheet strength and liquidity		

Employees			
386 Employees	 →	VALUE CREATED	RS. 745 MILLION Payments to employees RS. 4.4 MILLION Training investment
ENGAGEMENT IN 2021/22 → Performance appraisals (annual) → Year- round activity calendar → Awards programmes (ongoing) → Digital engagement → Counselling and wellness sessions (ongoing)	Topics and concerns → Physical and mental wellbeing → Attractive and competitive reward schemes → Opportunities for skill development and career progression → Job Security → Inclusive and equitable work environment Our response → Measures to nurture a performance driven culture → Ongoing engagement through physical and digital channels → Succession planning → Ongoing measures to ensure employee safety		

STRATEGIC POSITIONING

STAKEHOLDER ENGAGEMENT

Customers

**RETAIL AND
COMMERCIAL
CUSTOMERS**



**VALUE
CREATED**

66 %

Sales growth

03

New products

ENGAGEMENT IN 2021/22

- Sales system
- Satisfaction surveys
- Audits and site visits
- Sales team engagement
- Third party satisfaction surveys and industry studies
- Social media engagement

Topics and concerns

- Continuity of production and accessibility of products
- Increasing concerns on affordability
- High-quality products
- Customer service
- Acceptable credit terms
- Ethical business conduct
- Consumer promotions

Our response

- Emphasis on digital engagement and e-commerce platforms
- New product formulations and developments catering to emerging needs
- Consideration of customers' concerns on affordability in determining pricing

Principals & Business Partners

15+

Principals



**VALUE
CREATED**

RS. 2,154 MILLION

(Payments to Principals)

ENGAGEMENT IN 2021/22

- Ongoing dialog through formal meetings, telephone and electronic communication
- Site visits and audits
- Training programs

Topics and concerns

- Increased visibility of demand
- Preservation of brand reputation
- Ethical procurement practices
- Equitable and on-time payments
- Sustainable demand for products

Our response

- Ongoing and proactive communication on emerging developments in Sri Lanka
- Increased demand visibility through proactive forecasting and planning

Government and Regulatory Bodies

**INLAND REVENUE CUSTOMS
CENTRAL ENVIRONMENTAL AUTHORITY**



**VALUE
CREATED**

RS. 912 MILLION

Tax payments

ENGAGEMENT IN 2021/22

- On-site surveillance and factory visits
- Directives and circulars
- One-to-one engagement
- Press releases

Topics and concerns

- Compliance with relevant regulations and guidelines
- Payment of taxes on a full and timely basis
- Focus on generating export income

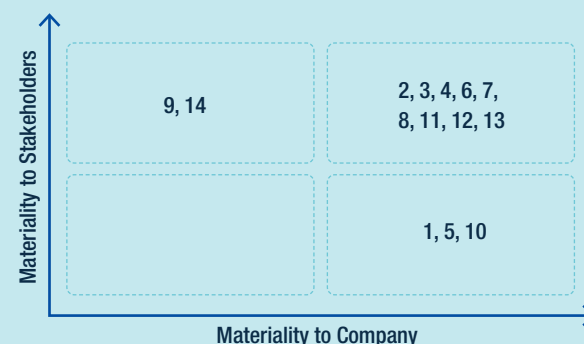
Our response

- Engagement through associations and forums in communicating our concerns on prevalent conditions
- Highlight the vital importance of creating a conducive environment for conducting business operations.

We define material topics as the issues that impact our stakeholder decisions and value creation process in the short, medium and long term. We have a systematic approach to determining materiality which involves assessing risks, opportunities and threats in terms of relative importance to stakeholders and impact on our operations. The material issues thus identified and prioritized form the basis of our strategy, risk management practices and reporting practices.



Materiality Matrix: The Group's materiality landscape changed significantly during the year, reflecting unprecedented challenges in the economic landscape. The list of material topics reflects these changes, with several issues increasing in importance and thereby warranting increased management attention.



	Material Aspect	Change in materiality compared to last year	Corresponding GRI Topic	Link to strategic priority	Page reference to more information
1	Market leadership			Profitable growth	9
2	Managing financial performance	↑	GRI 201: Economic performance	Profitable growth	46 to 48
3	Managing talent		GRI 401: Employment GRI 404: Training and education GRI 405: Diversity and equal opportunity	People & partnerships	52 to 56
4	Employee health and safety	↑	GRI 403: Occupational health and safety	People & partnerships	52 to 56
5	Principal relationships	↑		People & partnerships	65 to 71
6	Product responsibility		GRI 416: Customer health and safety GRI 417: Marketing and labelling	Sustainability	45, 72 to 74
7	Market reach			Profitable growth	57 to 64
8	Macro-economic vulnerabilities	New topic		Profitable growth Operational excellence	40
9	Customer service			Operational excellence	42
10	Innovation			Operational excellence	44, 57 to 64
11	Efficient distributor network	↑		Accessibility	65 to 71
12	Ethical procurement practices		GRI 204: Procurement practices	People & partnerships	65 to 71
13	Compliance and good governance		GRI 307: Environmental compliance GRI 413: Local communities GRI 419: Socio economic compliance	Sustainability	45, 72 to 74
14	Managing environmental impacts		GRI 301: Materials GRI 302: Energy GRI 303: Water and effluents GRI 305: Emissions GRI 306: Waste	Sustainability	45, 72 to 74

STRATEGY & RESOURCE ALLOCATION

The Group's strategic action during the year was consistent with the strategic agenda of recent years, as the Group has sought to deliver sustainable stakeholder value through focusing on several pillars which represent the most critical areas. Given significant shifts in the operating landscape, the Group refined its strategic agenda to effectively respond to emerging risks and opportunities in the environment. Key strategic priorities and delivery.

STRATEGIC PRIORITIES



Profitable growth



Innovation



Operational excellence



People & partnerships



Sustainability

MEASURING DELIVERY OF OUR STRATEGY

Profitable growth



Profitable growth

Progress made during the year

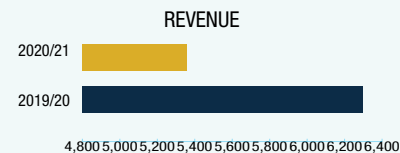
- Successful completion of the Group's IPO, setting the foundation for the next stage of growth
- Pursued aggressive growth in WHITE by JAT; measures adopted included focus on e-commerce channels, penetration into the retail market and ongoing investment in digital marketing
- Expanded the JAT Care distribution to modern trade outlets, facilitating increased retail penetration
- Sought increased penetration of Sayerlack
- Comprehensive market research activities to gauge customer satisfaction and obtain insights on the retail universe of Sri Lanka, which in turn enabled data-driven, targeted decision making.
- Launch of Masters International brand catering to the India, Maldives and Africa.
- Promotional campaigns for Herman Miller and SEA Kitchens

Topics and concerns

- Marketing and advertising expense: Rs. 207 million
- Strength of sales and marketing team: 110



Key performance indicators



Harris brand

70%
Net Promoter Score

7
Brand equity index

- 66% Revenue growth
- 36% increase in loyalty customers
- Strengthened market share in all key product categories

46%
Wood coating

31%
Brushes

7%
Paints

Innovation



Innovation

Progress made during the year

- Extension of the WHITE by JAT offering with the launch of undercoats and sealer for emulsions
- Launch of ceiling coat for water-based wood coating solutions
- Launch of Masters All-In-One in Bangladesh, offering a convenient and economic solution for quick paint fixes
- Value engineering to explore the possibility of using alternate raw materials while preserving quality
- Preparation of comprehensive R&D plan for the next 2 years
- Set up of the new R&D facility and procurement of state-of-the-art equipment for reverse engineering, microbiology and other testing mechanisms

Topics and concerns

- Investment in R&D: Rs. 36.5 million
- Strength of our R&D team: 11



Key performance indicators

3
New products developed

3
Products in the pipeline

Financial
CapitalManufactured
CapitalHuman
CapitalIntellectual
CapitalSocial &
Relationship
CapitalNatural
Capital

Operational Excellence

Operational
excellence

Progress made during the year

- Outsourced finished goods warehousing operation to a third party, thereby freeing up resources to focus on our core competencies
- Rationalisation of stock keeping units, to support more effective working capital management
- Established a dedicated Industrial Engineering division to drive factory efficiency
- Focus on manufacturing automation including mechanisation of the water-based stain line and top-coat line
- Process mapping and value stream mapping
- Renewed and tactical approach to marketing through focusing on more cost-effective digital channels providing a more significant customer reach
- Focused expansion of Bangladesh market by setting up a manufacturing plant

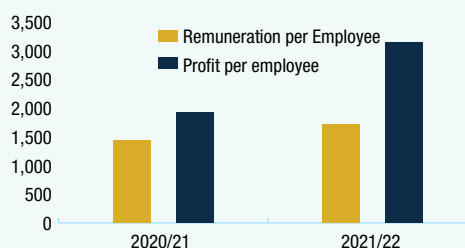
Topics and concerns

- Payments to suppliers: Rs. 5,944 million



Key performance indicators

REMUNERATION VS VALUE ADDED



People & Partnerships

People &
partnerships

Progress made during the year

- Ongoing engagement with employees including sessions on physical and mental well-being
- Leveraged partnerships with Principals and suppliers to increase inventory holding, thereby ensuring continuity of production
- Increased visibility of demand for business partners through proactive forecasting
- Launch of JAT Pintharoo Shilpee Abhiman – a pioneering initiative to facilitate NAITA certifications for all painters completing the JAT Painters program
- Supporting dealer infrastructure through providing racking solutions and branding
- Renegotiation of terms with suppliers

Topics and concerns

- Payments to employees: Rs. 745 million
- Training investment: Rs. 4.4 million
- Investment in safety initiatives: Rs. 1.3 million



Key performance indicators

Employee retention of 78%

Sustainability



Sustainability

Progress made during the year

- Generation of renewable energy through roof solar system
- Ongoing focus on sustainable manufacturing methods
- Solid waste disposed responsibly through an approved third-party
- Sustainability training conducted for employees on eco-innovation, energy management and kaizen
- Launched a Chemical Science project for WHITE by JAT
- Addition of the pillar 'Culture' to the Group's Corporate Social Value Framework
- Organisation-wide efforts to increase the resource efficiency of energy and water consumption

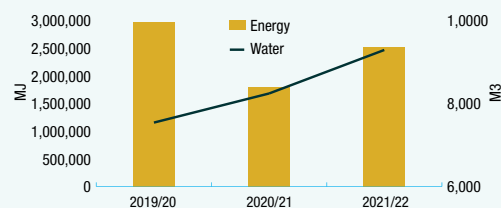
Topics and concerns

- Investment in CSR: Rs. 1.3 million



Key performance indicators

ENERGY AND WATER CONSUMPTION



CAPITAL REPORTS



Financial
Capital

FINANCIAL CAPITAL

The following discussion and analysis should be read in concurrence with the Audited Consolidated Financial Statements of the Group for the period ended 31st March 2022.

In this Report, “Group” refers to JAT Holdings PLC and its 5 subsidiaries and 1 sub-subsidiary and “Company” refers to JAT Holdings PLC.

BASIS OF PREPARATION AND COMPARATIVE FIGURES

The Financial Statements have been prepared in accordance with Sri Lankan Accounting Standards (hereafter, referred to as SLFRSs and LKASs) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Companies Act No. 07 of 2007.

PREAMBLE

The Group demonstrated strong resilience amidst extraordinary challenges, to generate a revenue of Rs. 8.9 billion during the 12 months period compared to Rs. 5.4 billion the previous year. The profit after tax for the year amounted to Rs. 1,211 million, against the prior year's Rs. 600 million.

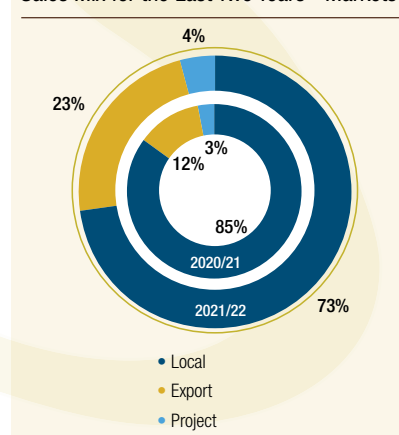
The business environment presented numerous challenges during the 1st and 2nd quarters of the financial year, reflecting the inevitable toll of the COVID-19 pandemic. Economic activity gained momentum in the 3rd quarter of the year, before slowing down in view of the shortage in foreign currency liquidity in the banking system and the sharp depreciation of the exchange rate.

REVENUE

The JAT Group recorded a robust revenue growth of 66% to Rs. 8.9 billion during the year, compared to Rs. 5.4 billion the previous year. Growth was supported by strong performance in the local retail market, as well as increased penetration in export markets, which aided in diversifying the Group's earnings profile. The local retail market continues to be the leading contributor to the Group's revenue with a share of 73%, followed by the export market which accounted for 23% of the total revenue generated during the year. The Projects division contributed the balance 4%. The Company placed strategic focus on expanding export revenue during the year, pursuing aggressive penetration in Bangladesh and driving customer acquisition in economies in the Asian region. Exports amounted

to 23% of Group revenue compared to 12% in the previous year.

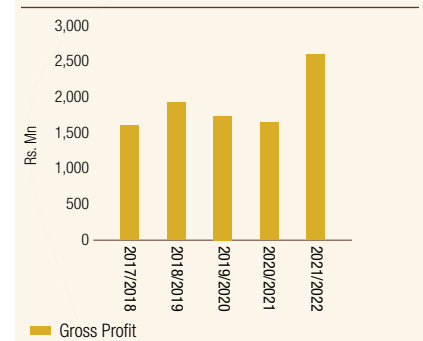
Sales Mix for the Last Two Years - Markets



GROSS PROFIT

Consolidated Gross profit recorded a commendable growth of 58% to Rs. 2.6 billion, compared to Rs. 1.7 billion the previous year. The gross profit margin contracted to 29.3% from 30.7% the previous year, reflecting the sharp increase in raw material costs which stemmed from supply chain disruptions and the depreciation of the exchange rate. The margin was also affected by increasing contributions from the export segment, which generally commands lower margins than the domestic retail market. Preserving the same trend of margins remains a key challenge given increasing cost pressures and intensifying competitive pressures. In addressing this, the Company intends to pursue growth in new product segments and markets while increasing market share in existing product categories, which in turn will position it for robust and sustainable earnings growth.

Gross Profit

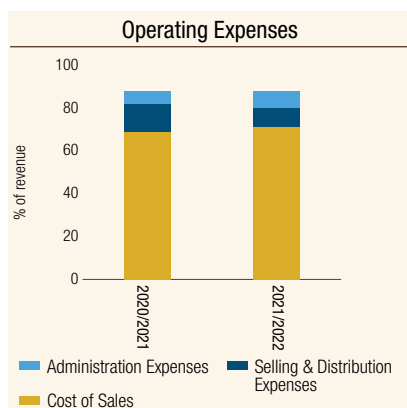


COST OF SALES AND OPERATING EXPENSES

Cost of Sales – The Group's cost of sales increased to Rs 6.3 billion in the financial year 2021/22 against the prior year of Rs 3.7 bn, mirroring the revenue increase during the year. While the sharp depreciation of the Sri Lankan Rupee has remained a key challenge, increasing contributions from export earnings have countered this to a certain extent.

Administration Overhead – Administration costs increased in view of one-off expenses pertaining to the IPO and the general increase in inflationary pressures. The increase of 119% was driven by increased provisioning for inventories, IPO related expenses, overhead increments in response to the sales growth and administration cost of the newly formed subsidiary during the year.

Selling & Distribution Overhead – The Group's selling and distribution costs, which include advertising and promotional expenses and commissions paid on sales volumes, reached Rs. 825 million during the year, accounting for 9% of the total revenue, against a prior year spend of Rs. 711 million.



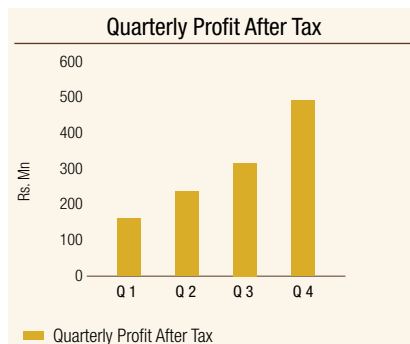
DEPRECIATION AND AMORTIZATION

The depreciation and amortization expense stood at Rs. 122 million for the year against a comparison of Rs. 119 last year.

GROUP WISE QUARTERLY PERFORMANCE

The Group's performance was commendable given the unprecedented volatility stemming from pandemic-led disruptions and the country's economic vulnerabilities. An overview of the quarterly performance trends is presented below:

- The Group's business was significantly affected in Q1 & Q2 due to the intermittent lockdown measures implemented to mitigate the risk of COVID-19. However, following the easing of restrictions, the management team proactively monitored all areas of operations and ensured continued supply to the market whilst re gaining lost demand during the lockdown period.
- The Company also assessed the potential impact of emerging macro-economic developments on performance and stability, and adopted precautionary measures to ensure continuity of operations, including increasing the inventory levels and doubling the stock holding period.
- Diversify sales footprint through focusing on international markets, which enabled the Company to offset weakening of the local market conditions during several months.



NET FINANCE COST

The Group's finance cost amounted to Rs. 65 million, compared to an expense of Rs. 83 million the previous year; whilst also earning a finance income of Rs. 137 million during the year which resulted in a net finance Income of Rs. 72 million.

This is mainly due to the sustained decline in market interest rates, and proactive measures in working capital management and debt/cash management.

OTHER INCOME

The Group's Other income amounted to Rs. 67 million against Rs. 53 million in the previous year and is composed of changes in fair value of financial assets, revaluation of biological assets and gains generated on the disposal of Property, Plant and Equipment.

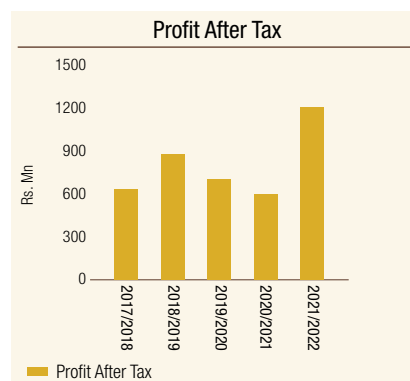
INCOME TAX EXPENSE

The Group's tax expenses amounted to Rs. 47 million for the year, reflecting a reduction in the applicable tax rate following the Company's listing on the Colombo Stock Exchange. The Group's effective tax rate for the twelve months period was sustained at 3.8%.

PROFIT FOR THE PERIOD

The Group recorded a remarkable growth in profit after tax to Rs. 1,211 million during the year under review, compared to Rs. 600 million in the previous year. The financial performance Showed a steady improvement in the current year compared to the previous in term of the Net margins earned which reported a 14% against a 11% in the prior year.

The company has steadily grown in terms of the profitability's earned over the years.



The Group is geared to revive and realign its operations post COVID-19, with ambitious aspirations to penetrate new export markets such as India, Pakistan, Maldives, Africa and Australia while consolidating its position in existing export markets. Despite the inevitable short-term pressures on Sri Lanka's economic outlook, we anticipate a gradual improvement in economic and business activity over the medium to long term. The Group will continue to pursue holistic and astute strategies aimed at growing revenue, widening margins and optimising costs. The Company will also focus on leveraging its e-commerce platforms to drive new revenue streams and strengthen its R&D capabilities to drive future innovations.

EARNINGS PER SHARE

Groups Earnings per share (EPS) for the twelve months period under review was Rs. 2.47 per share vs Rs 1.31 during the twelve months period 2020/2021.

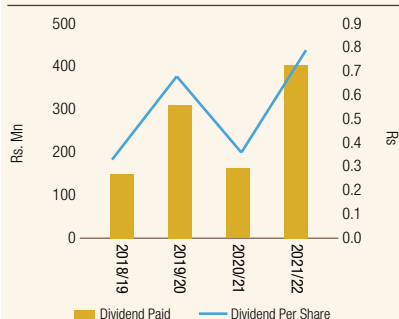
DIVIDEND

The Company paid two interim dividends of Rs. 0.32 per share amounting to Rs. 163 million and Rs 0.25 per share amounting to Rs 128 during the financial period, in respect of the year ended 31st March 2022 and a final dividend of Rs. 0.25 per share amounting to Rs. 114 million for the period ended 31st March 2021.

CAPITAL REPORTS

FINANCIAL CAPITAL

Dividend Paid vs Dividend Per Share



SOLVENCY

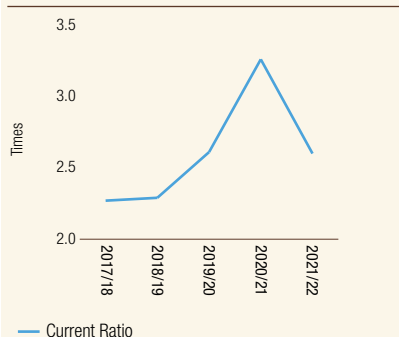
Section 56 of the Companies Act No. 07 of 2007 requires that a solvency test be carried out prior to the payment of dividends. The Board of Directors obtained a Certificate of Solvency from the Auditors, prior to the date of, dispatch of the final and interim dividends.

FINANCIAL POSITION

TOTAL ASSETS

The Group's total assets amounted to Rs. 11.5 bn by end-March 2022. Total fixed assets amounted to Rs. 1.9 billion of which the net book value of fixed assets amounts to Rs. 1,668 million and consisted primarily of land and building and plant and equipment. Current assets increased by 82% during the year, reflecting increased investments in working capital management, in response to the surge in sales volume and investments of IPO funds in short-term financial assets. The asset composition is tilted towards current assets which accounted for 83% of total assets during the year, while non-current assets accounted for the remaining 17%. The Group's current ratio amounted to 2.6 against a prior year reporting of 3.26.

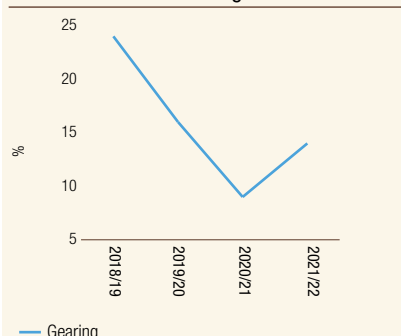
Current Ratio



TOTAL LIABILITIES

The Group's total liabilities comprised primarily of current liabilities, with a share of 97.6% during the year. Borrowing levels increased as the Group increased its working capital investments to ensure continuity of operations. Resultantly total borrowings increased by 142% to Rs. 1,289 million during the year. The debt profile is tilted mainly towards short-term borrowings which are used to fund working capital requirements. Despite the increase in borrowings, the Group's gearing ratio remained relatively low at 14.27% against 9.07% last year.

Gearing

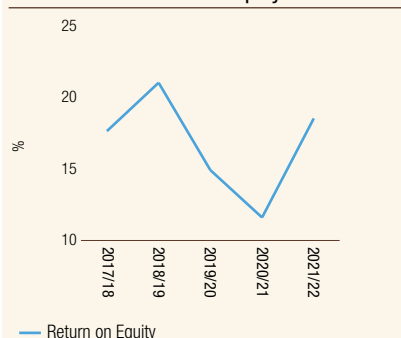


EQUITY

Total Equity – The Group's capital position is strong, with nearly 46% of total assets funded by retain earnings, followed by 21% share capital and 33% from supplier credit and borrowings.

Return on Equity – Group Return on equity for the 12 months period under review was 18.55%, whilst prior year reported was 11.61%; mirroring the effect of improvement in Profit after tax by 102% during the year.

Return on Equity



CASH FLOW

The Group's net operating cash outflow amounted to Rs. 796 million, while dividend outflows for the year amounted to Rs. 405 million. The Group also invested Rs. 265 million in capital expansions.

LEVERAGE AND CAPITAL STRUCTURE

Total asset base of the Group as at 31st March 2022 is Rs. 11.5 billion.

The following details displays the sources by which the total assets of the Group as at the period ended 31st March 2022 were funded.

Shareholder funds	67%
Long term funding and creditors	1%
Short term funding and creditors	32%

FUTURE OUTLOOK

The Group's key sources of finance, for the foreseeable future are likely to be cash generated from operations. Therefore, it is expected that the said sources of finance will provide adequate liquidity to service debt and meet future working capital and capital expenditure requirements of routine and new project requirements

The Company's main focus in the next financial year is to increase manufacturing capacity in Bangladesh, whilst focusing on increasing market share in all its core products by focusing on product development, expansion into new markets and acquisition of new customers.

STATEMENT TO CHANGES OF EQUITY

The Group's total equity as at 31st March 2022 amounted to Rs. 7.7 billion (2020/21 – Rs. 5.3 billion); the increase was driven primarily by the new share issue following the IPO and improved profit retention during the year.

SHAREHOLDER VALUE

The Company successfully listed in the Colombo Stock Exchange during the year under review, thereby broad basing its ownership and delivering continued shareholder value through the achievement of sustainable, long-term growth.

CAPITAL REPORTS



49

Manufactured Capital

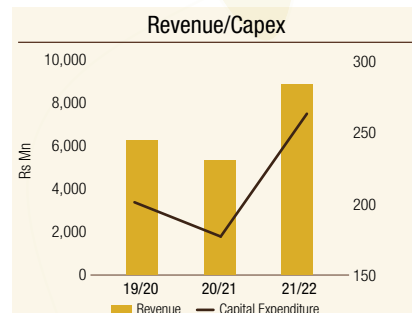
JAT HOLDINGS PLC
ANNUAL REPORT 2021/22

MANUFACTURED CAPITAL

The Group's manufactured capital comprises its accredited production facilities, modern machinery and cutting-edge research infrastructure. The quality and stability of our manufactured capital supports our aspirations towards increasing value addition through local manufacturing to gain a greater control of our value chain.

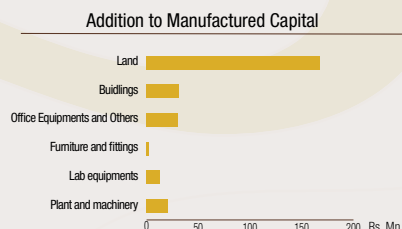
STRENGTHENING OUR CAPABILITIES

JAT's Property, Plant and Equipment amount to 14% of the Group's assets and locally manufactured products contribute towards 73% of the Group's revenue. Consistent improvements in manufacturing capacity in recent years with investments close to Rs. 644 million has supported steady increase in production volumes.



Property, plant and equipment of: **RS. 1.67 BILLION** 14% of total assets

MANUFACTURED CAPITAL INPUTS



VALUE TRANSFORMATION

CAPACITY EXPANSION

RS. 264.4 BILLION

Capital expenditure in capacity expansion and infrastructure development

PROCESS IMPROVEMENTS

Factory automation and lean manufacturing to enhance production efficiencies

INNOVATION

Transformative new product development through R&D driven innovation

VALUE CREATION/ EROSION

- 63% increase in production volumes
- 40% increase in capacity
- Rs. 40 million savings generated through efficiencies

Department	Paint	Brushes	Ceiling	Warehouses	Corporate Office	Showrooms
Operations	Manufacture of wood coating and decorative paints	Manufacture of brushes and handles	Manufacture of ceilings	Distribution points with secure storage facilities	State-of-the-art building with auditorium, cafeteria and gym	3 Experience Centers and 2 Tech Centers for customer service
Location of facilities	Kahathuduwa	Kahathuduwa	Kahathuduwa	3 warehouses in Kahathuduwa, Horana and Kaduwela	Thalawathugoda	5 showrooms in Moratuwa, Kollupitiya, Thalwathugoda, Nawala and One Galle Face
Manufacturing capabilities	ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified manufacturing facilities			N/A	N/A	N/A
Asset Base	Rs. 471 Mn	Rs. 25 Mn	Rs. 20 Mn	Rs. 118 Mn	Rs. 836 Mn	Rs. 20 Mn
Capacity/ Sq feet	12,600 sq ft	8,548 sq ft	9,812 sq ft	54,000 sq ft	45,000 sq ft	16,970 sq ft

CAPITAL REPORTS

MANUFACTURED CAPITAL

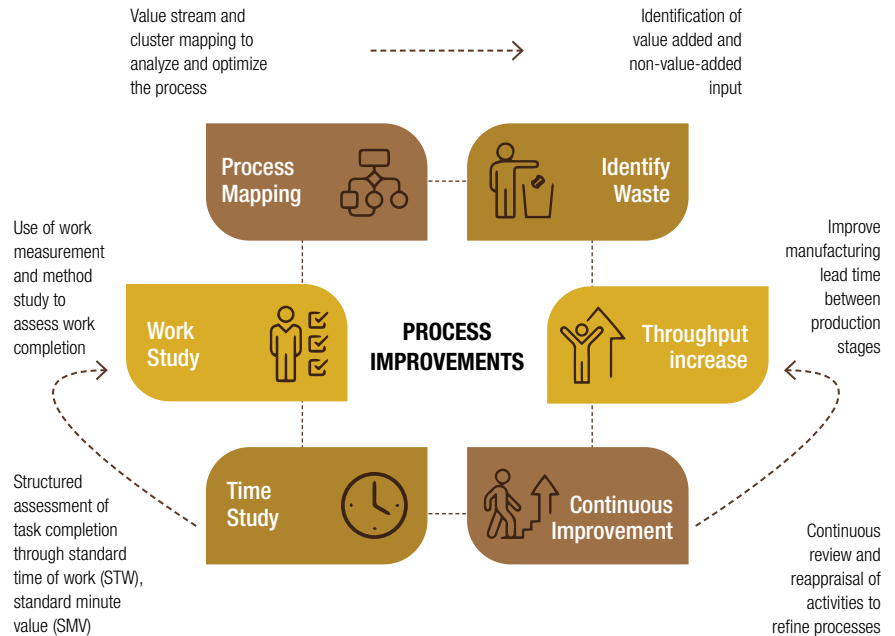
DEVELOPMENTS IN 2021/22

Timely expansions in both the capacity and capabilities of our manufacturing as well as an incisive marketing strategy has allowed the Group to enter the decorative paints industry rapidly capture market share through a unique product proposition. With an on-going emphasis on automation the Group continued to implement factory mechanization initiatives to minimize reliance on labour intensive operations in paint and brush manufacturing. Recent process improvements carried out include:

- Backward integration within the brush-making facility to produce brush handles in-house
- Complete automation of Sayerlack Wood Stain and Top Coating Processes
- Introduction of a new bar code system and tracking system for warehousing
- Setting up automated line for Brush manufacturing
- Installed required machineries for paint roller manufacturing
- Changed factory floor layout to increase efficiency of production

OPERATIONAL EXCELLENCE

Through the combined efforts of our manufacturing, engineering, R&D and technical teams, emphasis is placed on driving manufacturing efficiencies through the practice of lean initiatives and continuous improvement methodologies. Despite significant cost escalations during the year, the Group was thus able to contain the increase in manufacturing overhead expenses to 35% in 2021/22, reflecting Group-wide effort to optimize resources and rationalize cost through process improvements and automation. During the year, the Group also established a dedicated Industrial Engineering Division to drive lean manufacturing across its production facilities. KPIs have been defined to enhance production efficiencies, resulting in manufacturing Cost Per Liter (CPL) decreasing by 15% compared to the previous year.



DIGITAL INFRASTRUCTURE

Enhancing digital capabilities for improving internal processes as well as customer engagement has been a key priority in recent years and enabled the Group to sharp its competitive edge through cost-effective distribution methods. Key developments include the following:

Internal capabilities

- Use of Power BI through a mobile application to provide senior management easier access to data insights and performance dashboards
- Integration of the Advantis warehouse management system with the internal ERP system to automate invoice generation and increase efficiency.
- ERP developments to structure WIP reports
- Implementation of internal ERP system to JAT subsidiaries
- Data security initiatives through email migration to OneDrive and SFA security enhancements
- Cloud migration of JAT SFA system and enhancement of system security
- Implementation of internal

Customer engagement

- Development of website for the IPO
- Extension of the WHITE by JAT website to reflect new additions to the product range and upgrade of the paint calculator tool
- Digital manual for the Herman Miller range to be accessible through a tab for the furnishing sales team
- Introduction of complaint and inquiry management system for all customer complaints as a digital transformation initiative
- Improvements to JAT loyalty system for operational efficiency
- Automations and improvements to enhance the user experience and operational flow of WHITE by JAT.

KEY DEVELOPMENTS

Cloud migration of JAT SFA system and developments to enhance the security of the system.

Improvements done to enhance the user (distributors and sales team) engagement.

Implementation of internal ERP system to other JAT subsidiaries.

Developments of JAT loyalty system to increase the efficiency of operation

Automations and developments to have the smooth operation of WHITE by JAT. (Including delivery)



WAY FORWARD

The ongoing economic crisis has presented considerable challenges in pursuing new investments in the near term, particularly given the sharp escalation in construction costs and increase in the cost of financing given the high interest rates. Despite these short-term pressures, the Group remains committed to enhancing its manufacturing capabilities and its expansion plans, as announced prior to the IPO remain relatively unchanged

- ✪ Enhance manufacturing capacity and plant automations in Sri Lanka, establish new plants in Bangladesh and East Africa
- ✪ Upgrade of the present R&D facilities to enhance engineering and innovative capabilities by setting up a state of the art R&D facility

Human
Capital

HUMAN CAPITAL

MANAGEMENT APPROACH

The Group's Human Capital is a vital resource in driving strategic aspirations and ensuring organisational resilience. Our approach to managing this resource is clearly defined in a comprehensive HR policy framework and governance structures which have been developed to comply with regulatory requirements and industry best practices. This Board-approved framework provides a strong foundation to foster diversity and sets the tone for an equitable culture that values integrity and transparency. Supported by the HR and Sustainability Unit, the Executive Committee (EXCO) ensure the alignment and implementation of the Group's overall HR vision and strategy.

All policies are consistently reviewed and updated ensuring relevance to emerging dynamics. During the year below policies were improved.

- ◆ Offshore – Attendance and Leave Policy
- ◆ Insurance Policy
- ◆ Emergency Preparedness and COVID-19 Safety Policy
- ◆ Training & Development Policy

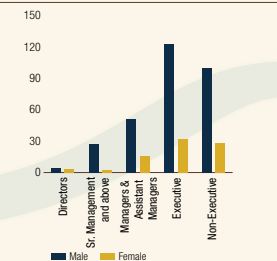


TEAM PROFILE

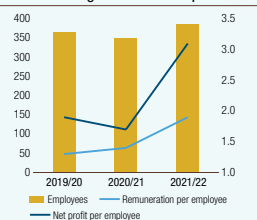
Our team of 386 employees represent a healthy mix of experience and youth, with an average age of 35 years while over 194 employees have served the Group for over 5 years. The Group is an equal opportunity employer, and does not tolerate any form of discrimination. All employees are engaged on full time basis while 78% of employees are in the permanent cadre.

	Male	Female	Total
Permanent	243	60	303
Contract	62	21	83
Temporary	0	0	0
Part Time	0	0	0
Full Time	305	81	386
Total	305	81	386

Employees by Gender and Category

HUMAN
CAPITAL INPUTS386
employees

Nurturing Our Human Capital



VALUE TRANSFORMATION

ENSURING EMPLOYEE
SAFETY AND WELL-BEING

Proactive measures to implement stringent health and hygiene protocols

TRAINING AND
DEVELOPMENT

8,573 hours invested in training on technical and leadership skills

CREATING A HIGH
PERFORMANCE CULTURE

Strengthening the performance management system

ENGAGEMENT

Engagement and well being activities to maintain motivation and morale

VALUE CREATION/ EROSION

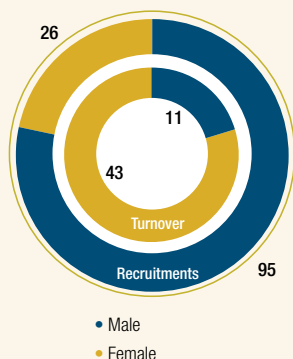
- ◆ Rs. 745 million employee payments
- ◆ 51% increase in revenue per employee
- ◆ 83% increase in net profit per employee
- ◆ Rs. 4.4 million investment in training
- ◆ 85.3% retention
- ◆ 35 promotions
- ◆ 8,573 training hours
- ◆ 10 injuries recorded

TALENT MOVEMENTS DURING 2021/22

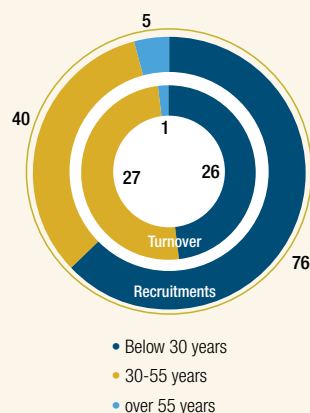
The Group's strong HR practices have enabled it to emerge as a preferred employer in the industry, thereby attracting and retaining the industry's best talent. The Group's Recruitment Policy sets out its talent attraction agenda, which centers on talent acquisition based on a person's knowledge, experience and cultural fit. During the year 121 new employees were recruited for selected positions and vacancy replacements. We maintain the dynamism of our team through from various age groups and backgrounds.

The Group maintains relatively good retention levels of around 85.3% attesting to the Group's employee value proposition. As per the Staff Exit Policy, exit interviews are carried out by the HR department at the point of resignation.

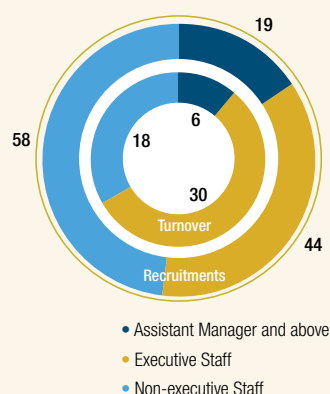
Recruitment and Turnover by Gender



Recruitment and Turnover by Age



Recruitment and Turnover by Category



HR STRATEGY IN 2021/22



EMPLOYEE HEALTH AND SAFETY

As the COVID-19 pandemic continued to evolve, health and safety emerged as a foremost employee priority during the year. The Group has a comprehensive Health and Safety Policy and a Health and Safety Committee comprising a cross-functional team of 25 members to implement organization-wide initiatives. Monthly assessments, internal audits and meetings are chaired by the Health and Safety Committee to implement preventive measures and mitigate potential risks.

COVID-19 response:

- Adopted proactive measures and protocols in line with guidelines issued by Health Authorities
- Collated and maintained a database of COVID-19 infected employees and their 1st contacts
- Updated the emergency preparedness plan to mitigate the risk of spread
- Encouraged vaccination of employees in alignment with our goals to create a safe work environment
- Facilitated work from home arrangements for office employees and implemented guidelines for remote working

In compliance with ISO 45001:2018 and industry practices, stringent safety protocols are maintained in our manufacturing processes and number of safety training was conducted during the year. Following developments regarding employee health and safety were carried out during the year.

- Use of H&S dashboards to analyze health and safety records
- Development of Kaizen implementation culture to minimize occupational accidents
- Initiation of Health and Safety compliance audits
- Instilling a chemical conscious culture by aligning job roles and process developments
- Implementation of Quality Circles and Safety Committee to raise health and safety issues
- Enhancement of fire safety by upgrading the existing fire system

Safety Record

Health & Safety indicators	2020	2021
Reported first-aid cases	10	10
Occupational injuries- resulting lost Hours	103	212
Work related fatalities	0	0

CAPITAL REPORTS

HUMAN CAPITAL

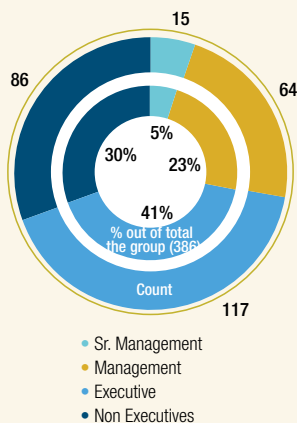
HIGH PERFORMANCE CULTURE

Recognizing, nurturing and rewarding talent has been of strategic importance to create a dynamic, performance driven culture. The Group's remuneration is benchmarked against industry standards and is based on meritocracy and performance. We are committed to providing equal remuneration between men and women without any gender-based discrimination.

Individual Key Performance Indicators (KPIs) are aligned with corporate objectives to achieve goal congruence. During the year KPIs were linked to the performance management system and an employee rating methodology was introduced. Performance appraisals are conducted for all eligible employees and used as an effective tool to identify competency gaps, provide feedback and curate employee development programs. Rewards, incentive schemes and annual increments are transparent and based on the outcomes of performance management system. The Group offers comprehensive benefits, which in addition to financial remuneration includes medical covers, educational support and recreation.

The Leadership cogwheel was introduced during the year which inculcates company values to drive the workforce towards a high-performance culture.

Employees receiving performance appraisals

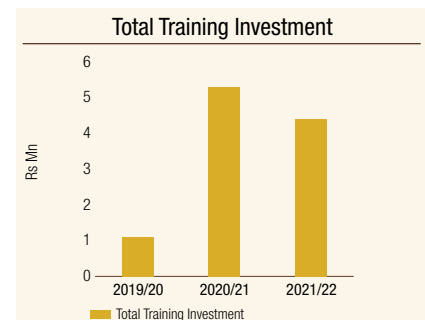
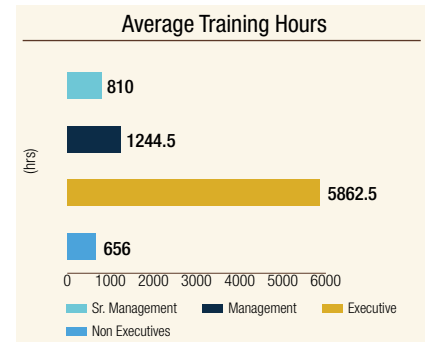


TRAINING AND DEVELOPMENT

The Group's talent development agenda centers on attracting and nurturing the skills and capabilities required to drive its strategic aspirations. Total

training hours of 8,573 covered key focus areas such as leadership development, sustainability training, and compliance training.

Key training initiatives held during the year include the following:



1,795
Total Training
Opportunities
Provided



8,573
Training
Hours



4.4 Mn
Training
Investment



22
Average Training
Hours Per
Employee



EMPLOYEE ENGAGEMENT

Providing a high level of engagement with employees and fostering work life balance has been paramount in maintaining employee morale and encouraging collaboration. Accordingly, the Group curated a plan for employee engagement with traditional engagement activities and wellness programs as summarized below:

Team building events

- Department Gatherings- day outing events for team building
- Fun Fridays – Movie nights, Karaoke nights for employees on the last Friday of every month

Well-being initiatives

- Counselling awareness sessions – for factory employees on family and relationships
- Yoga wellness sessions – held every Thursday for all employees

Celebrations and competitions

- Business Commencement 2022 – welcoming of the new year with motivational building
- JAT Erabadu Wasanthaya where employees participate in Avurudu games
- Children's Day video competition – artistic awareness program for COVID-19 safety
- Children's Day Art competition – create awareness regarding sea turtles' protection
- ESOP event – ceremony with regards to the grant of Company Shares to employees
- JAT Excellencia 2022 - employee recognition night for the outstanding performances of the year



Team Team building events



Well-being initiatives



JAT Excellencia 2022



Celebrations and competitions



DIVERSITY AND INCLUSION

The Group's commitment to creating a diverse and inclusive work place is embedded into its policies, practices and organization culture. These organizational practices ensure fair employment and remuneration based on employee merit, irrespective of their gender, race or religion. Proactive measures have been taken to create a conducive work environment for women where they can achieve their career aspirations while maintaining work-life balance.

POLICY SUPPORT

Equal opportunity and diversity policy

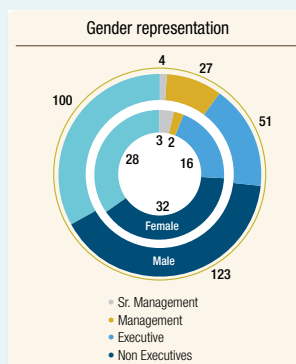
Anti-harassment policy

Open door policy

Grievance policy

INITIATIVES/ACTIONS IN PLACE TO PROMOTE GENDER DIVERSITY

- Flexible work and work-from-home arrangements
- KPI based reward and recognition
- Women oriented wellness and awareness sessions



21%
Group' female representation



6%
Females in positions above exec and managerial grade



29%
of promotions were females



21%
Total female employees



20%
Women received training

CAPITAL REPORTS

HUMAN CAPITAL

Employees by Age and Category

Category	Age Distribution			
	Less than 20	20-35 Years	36-50 Years	51-65 Years
Directors	0	1	4	2
Sr. Management and above	0	5	21	3
Managers & Assistant Managers	0	35	29	3
Executive	0	127	23	5
Non-Executive	4	66	43	15
Total	4	234	120	28

Return to work after parental leave

Parental Leave in 2021/22	Male	Female
Employees entitled to parental leave	305	81
Employees on parental leave		5
Employees who returned after parental leave		4

Awareness programs to break the bias

At JAT we believe to break the bias and to overcome gender discrimination. The first step was to understand the differences in our biological makeup as males and females and how these differences impact our behaviour and relationships. Throughout the years, a series of wellness workshops were conducted by Dr. Nadhee Pieris who is a Specialist in Medical, Clinical and Educational Psychology for all female employees in line with the Women's Day to raise awareness in creating a diverse, inclusive, and equitable culture at JAT.



WAY FORWARD

The Group is committed to continuously enhancing its people capabilities to drive its ambitious strategic aspirations. Accordingly, priorities for 2022/23 will include the following.

- ✦ Develop employee talent, skills and attitudes necessary for the Group's strategic aspirations
- ✦ Create a work environment that drives passion and commitment for all employees to thrive
- ✦ Improve HR processes and automate the performance management system to drive a performance-based work culture

MEASURING EMPLOYEE SATISFACTION

GREAT PLACE TO WORK

During the year under review, the Group marked a major milestone in its people management, obtaining the prestigious Great Place to Work Survey by the independent analysts Great Place to Work in Sri Lanka. The certification was awarded following comprehensive employee surveys covering a range of people-related aspects.

INTELLECTUAL CAPITAL

The Group's intellectual capital comprises the strength of portfolio of brands, high standard of quality and relentless drive for product and process innovation

BRAND VALUE

Our brand value is built on the superior quality of its products, excellent customer service and innovative capabilities. As a home-grown brand, JAT gradually strengthened its brand recognition in both local and international markets through a globally recognized product portfolio. Attesting to the strength of the brand, JAT's Initial Public Offering (IPO) was oversubscribed by two times, despite the volatile economic environment that prevailed.

Commanding a market share of over 50%, JAT is the undisputed market leader in the wood coatings sector having built strong brand equity through the flagship 'Sayerlack' brand. As a testament to its brand acceptance, Sayerlack won the most loved consumer brand by LMD and Brand Finance in 2022. With representation in many regions of the world, JAT is the exclusive agent for leading international brands such as Sayerlack wood coating, SEA kitchen solutions, Herman Miller office furniture, Harris brushes and rollers and Dasso bamboo flooring. With a combination of JAT's own brands and exclusive global brands, the Group's product portfolio extends to more than 18 renowned brands in wood coatings, decorative paints, accessories and furnishing products.



The Group frequently engaged third party consultants to carry out independent brand equity studies to obtain insights into the current brand positioning in the market sphere, identify market gaps and gain insights of brand potential.

Sustained market leader position for over 20 years in wood care.

Current market leader with 57% market share



Masters



Exclusive franchisee for manufacturing and distribution of world-renowned Harris Brushes. Market leader in Brushes with 31% market share



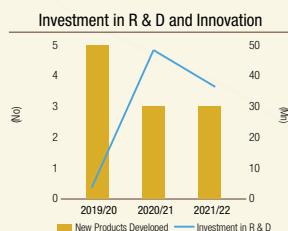
A dominant player in the luxury kitchens segment with the brand SEA Bauformat



INTELLECTUAL CAPITAL INPUTS



Brand value and market leadership
Systems and processes
11 employees in the R&D team
Compliance to a range of certifications



VALUE TRANSFORMATION

BRAND REPUTATION

International and home grown brands with a reputation for trust and quality

ONGOING COMPLIANCE TO CERTIFICATIONS

Quality and continuous improvement embedded to the work culture to ensure robustness of internal processes and high standard of products

INNOVATION AND NEW PRODUCT DEVELOPMENT

Collaboration between teams to stay ahead of emerging needs

VALUE CREATION/ EROSION

New products developed: **03**
Rs. **116** million revenue generated from new products
Ongoing process innovation
Rs. **36.5** million Investment in R&D
03 products in the pipeline

CAPITAL REPORTS

INTELLECTUAL CAPITAL

PORTFOLIO OF BRANDS UNDER JAT GROUP

Coatings and Accessories



In partnership since 1995, the Group's flagship brand Sayerlack is the largest producer of wood coatings in the world and a pioneer in water-based coatings and offers a wider range of products including polyurethane, UV coatings and nitro cellular lacquers with scratch, heat, and chemical resistance properties. Out of 91 countries representing the brand, JAT has been awarded the largest partner for Sayerlack in the world by its parent company, Sherwin Williams.



In partnership since 1999, Borma Wachs, is a specialist Italian woodcare brand offering a range of products including wood putties, wood surfaces treatment products such as timber cleaning agents, maintenance waxes, special effect finishes and touch-up items for wood finished surfaces. With a strong focus on three key aspects, flexibility, reliability, and quality; a principle that has enabled the brand to be a leading player in the market locally and globally.



Undisputed leader in Sri Lanka in the paintbrushes and rollers brush market, offering a range of paintbrushes, rollers, and accessories across two distinct price points under the sub brands, Harris Classic and Harris Budget. Harris is the leading paint brush manufacturer in the UK and effective from 1st September 2018 JAT has been appointed by Orkla House UK as its exclusive manufacturer, distributor, and marketer for Harris in Sri Lanka.



Introduced in 2020, the Group's own emulsion and enamel range, offering quality and innovation at an affordable price; WHITE by JAT is synonymous with purity, cleanliness, and elegance. Through a novel sales and distribution strategy, the Group launched WHITE by JAT through its own e-commerce platform, thereby ensuring the best quality paint offered at the lowest prices with free delivery island wide.



Launched in 2010, Brush Master produces a range of premium brushes for all applications. The brushes are completely handcrafted using Tynex filaments by experienced brush makers and are considered the best brush for wood coating. With 5 times the durability compared to brushes in the market, the product features flawless strokes, and the filaments are appropriately tipped to release paint evenly and smooth onto surfaces.



Launched in 1996, JAT introduced its own wood coating brand with all manufacturing operations based in Sri Lanka to produce an economical range of wood coating products to suit the local market requirements. At present Masters wood coating products have extended to both domestic and international markets through its wide offering of wood coating products.



Established to cater to the middle segment and industrial market to deliver high quality products at a lower price, this brand led JAT to diversify its operations from trading to manufacturing. The brand offers a range of solvent-based wood stains, thinner, retarder, wood preservative, sanding sealer, super gloss enamel, anticorrosive, varnish and French polish.

Furnishing



JAT is the exclusive distributor for Herman Miller seating and desking solutions to the local market. Herman Miller is internationally renowned for its ergonomic design, quality and innovation in seating and office desking.



Partnered since 2017, SEA is a century-old brand known for unique modular kitchens and wardrobe designs, customizable offerings and exclusive designs made to the highest quality German standards.



Partnering since 2011, Knauf Ceiling Solutions is globally reputed for design flexibility and acoustical performance of its range of ceiling solutions. Armstrong offers a range of options including fiber, fiberglass, perforated metal and wood in an array of colors including bright whites, bold shades and metals, presenting the ideal combination of sound absorption and sound blocking.



Houros furniture features high quality and innovative designs which transforms living spaces to suit contemporary living for home and office.

Coatings and Accessories



The Euro Metallic brand was bought over by JAT Holdings in 2017. The brand is a recognized metallic ceiling panel manufacturer in Sri Lanka with the objective of fulfilling the commercial space ceilings needs of the Government and private corporations.



Lifewood floors offer a range of luxury handcrafted flooring, synonymous with quality, coated with the revolutionary patented STAYFLAT technology and sourcing the finest sustainably grown French Oak and Australian hardwoods.

Other



Launched in 2020, the JAT Care range offers a broad-spectrum of instant hand sanitizer solutions containing cationic biocide and Isopropyl alcohol which enhances safety and efficacy.

STRENGTHENING THE BRAND

Capitalizing on the opportunity presented by the unprecedented shift to digital platforms following the outbreak of the pandemic, the Group made a strategic shift towards digital marketing to further enhance brand equity. While enabling more effective, target marketing, the shift to digital engagement has also allowed better resource allocation through the provision of a relatively cost-effective avenue for marketing and promotions. During the year, the Group invested over 380 Mn in marketing and promotional campaigns. Key initiatives included:



IPO MARKETING CAMPAIGN

JAT carried out an integrated marketing campaign for the Initial Public Offering (IPO) covering TV, Radio, Press advertising, PR and targeted social media campaigns. During a period of restricted travel due to lockdowns prevailing in the country, the IPO microsite was launched to conduct the entire application process online. The site featured digital IPO prospectus and an integral chat function to ensure seamless communication of the IPO process. Through the identification of market sentiments, targeted communication was carried out to address specific concerns, and communication channels were opened through a hotline and missed call line to provide potential investors the opportunity to obtain relevant information. With focused digital execution and tactical marketing, the IPO campaign was a resounding success with over 2000 applications submitted through the online process.



LOYALTY DOUBLE WASI

JAT Sayerlack Loyalty customers were given the opportunity of doubling their loyalty points through the Sayerlack Loyalty Double Wasi promotion during the month of November and December '21. Each loyalty point was doubled during this period, providing more benefit to our customers to save more by purchasing Sayerlack Waterbase products.



CAPITAL REPORTS

INTELLECTUAL CAPITAL

WHITE BY JAT MARKETING CAMPAIGN

Pursuing an unconventional route, **WHITE by JAT** was the first paint brand in the industry to be launched exclusively through an end-to-end service eCommerce platform. This novel approach offered a host of solutions to customers to create conversions through behavioural change of online paint purchasing. The success of the brand within a short period, in a market dominated by multinational paint brands, is a credit to the innovative marketing strategy and unique approach to the product launch. Inspired by the vision of 'colouring the world white' and allowing the world to witness the beauty of whiteness, White by JAT was positioned to appeal to modern consumers seeking their home and work environments to resemble qualities of purity, cleanliness, and elegance. During the first year of launch the emulsion range was extended with the introduction of two new primers, namely Interior Wall Filler and Exterior Wall Sealer, as off springs of the WHITE by JAT range.



Cognizant of emerging customer requirements of ease of access and convenience, a simplified purchasing solution was offered through its virtual store. The direct to customer strategy enabled comparatively favorable pricing and home delivery service. This innovative approach proved successful beyond our expectations, as the demand for WHITE by JAT surged during the year, rapidly capturing market share. The disruptive marketing strategy and its creative execution resulted in the campaign winning 4 Effie awards during the year, including the Bronze for the Marketing Disruptor category, the highest recognition for the award category.

New product launches and expansions

During the year Masters **All-in-One Ceiling Coat** was launched for the domestic wood coating market. Developed with Italian technology as an economical and convenient solution, this product eliminates the need for individual applications of stain, sealer and topcoat due to its wood protection properties. It is available in a variety of natural stains and is suitable for outdoor applications, creating a long-lasting protection for wooden ceilings. As part of the launch, an island-wide outlet POSM branding drive was carried out covering 150 key outlets. Further, it was also followed by a unique Instant cash reward promotion, where the consumer received an instant cash reward of Rs.160/= and Rs.650/= for the 1L and 4L at the time of product purchase of Masters All in One Ceiling Coat.



A Strategic marketing campaign was launched for the **JAT Care Instant Hand Sanitizers** range with the expansion of the distribution network into modern trade. Approved by NMRA to provide trusted protection, the sanitizer range was made available to retail customers through supermarkets island wide. Specific consumer promotions were carried out at selected outlets including consumer validation of products through trials at supermarkets such as Arpico and Cargills.



JAT listed all its products on the Daraz flagship store with attractive offers



JAT brushes range was expanded into modern trade during the year to increase accessibility to retail consumers through greater product availability.

Targeted Marketing Campaigns

A thematic marketing campaign was launched through various media channels for Harris brushes to create brand awareness for its target demographic. JAT tied up with popular Sri Lankan internet celebrity and influencer Lochana Jayakodi (Lochi) to launch social media marketing campaigns on Facebook, Tik Tok and YouTube. With a catchy jingle and creative video content, the campaigns were highly successful in reaching a large audience to create effective engagement. YouTube advertising through Google Ads during popular teledramas provided a cost-effective audience reach, broadening brand awareness among the target demographic.



4 Mn target unique reach
5.6 Mn impressions



1.5 Mn
views



41.8 Mn
views

A mega promotion was initiated for the Herman Miller brand in partnership with YES FM Morning show at the One Galle Face mall in December 2021. The YES FM crew trialed the ergonomically designed Herman Miller chairs and shared their feedback, emphasizing the superiority of design to maintain good posture during long hours of seating. The promotional campaign offered a Herman Miller Aeron chair worth LKR 350,000 with daily consolation prizes throughout the month of December.



CAPITAL REPORTS

INTELLECTUAL CAPITAL

INSIGHT BASED MARKETING

Strengthening the Group's insight-based decision making, JAT initiated a retail store thumbprint to understand the outlet universe. Execution of the retail audit continued during the year to gain a deeper understanding on insights such as geographical placement of outlets, stability of the business, outlet size and numbers, product movements and brand preferences in outlets. JAT continues to leverage its data-driven approach to marketing by converting the wealth of knowledge gained by the outlet consensus study to monthly market intelligence reports to monitor market performance and to map out effective and efficient distribution strategy.

CSR PROGRAMS AND PARTNERSHIPS

The JAT "Pintharu Shilpee Abhiman" program was launched in December 2021 in collaboration with the National Apprentice and Industrial Training Authority (NAITA) to facilitate an NVQ Level 3 certification for woodcraftsman and painters. Backed by the 'Sayerlack Sathkaraya' CSR initiative, this program fast tracks selected wood painters and craftsmen who are part of the JAT loyalty program to receive qualifications to add value to their trade. This unique initiative is a first of its kind in the industry and aims to uplift the wood craft industry by uncovering local talent and creating a viable career path through skill and opportunity development.

As a brand that is truly immersed in transforming spaces through unique and innovative finishing and furnishing products and services, JAT Holdings partnered with the Geoffrey Bawa Trust as a local partner for the 'Geoffrey Bawa: It is Essential to be There' exhibition. This is the first major exhibition that draws from the archives to look at Bawa's practice and constitutes a selection of unique and undisclosed work of Bawa, making it Essential to be There! Inspired by the concept of "Tropical Modernism", Geoffrey Bawa was amongst the most influential Asian architects of his generation that was instrumental in transforming spaces through the exploration of ideas, drawings, buildings, and places. A series of curated tours, talks, seminars and workshops was presented as part of the exhibition.

RECOGNITION FOR THE BRAND

JAT is a frequent recipient of awards and external recognition, and key awards received during the year are listed below:



National Business Excellence
Awards 2021

JAT Holdings PLC was awarded gold in the trading sector category and merit in the extra-large category at the National Business Excellence Awards 2021 (NBEA) organized by the National Chamber of Commerce of Sri Lanka. Significantly, this is the fourth consecutive year that JAT Holdings has been conferred a gold award in the trading sector in recognition of the company's outstanding performance excellence and contribution to economic prosperity and environmental sustainability. The National Business Excellence Awards (NBEA) is bestowed on companies following stringent evaluations by an eminent panel of judges and is highly recognized in its prestige amongst the business community in Sri Lanka. Achieving this accolade solidifies JAT's overall performance excellence in delivering unparalleled service to its customers.



Effie Awards 2021

JAT received 1 Bronze and 3 finalist awards at the coveted Effie awards in 2021 for its 'Mr. WHITE' campaign. JAT Holdings was conferred a Bronze award in the Marketing Disruptors category, the highest recognition given for this award category, including 3 finalist awards in the Home Furnishing and Appliances, David Vs Goliath and E-commerce categories. The Effie Awards by the New York American Marketing Association champions individuals and companies with relentless creativity in their imaginative and breakthrough marketing efforts.



FITIS Digital Excellence
Awards

JAT received a Merit award in recognition of its Digital Marketing Strategy deployed for the launch of WHITE by JAT at the inaugural FITIS Digital Excellence Awards and Conclave conducted by the Federation of Information Technology Industry of Sri Lanka (FITIS). The award recognizes companies with successful digital transformation to make contributions towards economic prosperity for the industry and the country.



CA Sri Lanka's 56th Annual
Report Awards 2021

In recognition for its market leadership in wood coatings and paint brushes in Sri Lanka, JAT received the bronze award in the trading companies' category at the CA Sri Lanka's 56th Annual Report Awards 2021. JAT was presented with this accolade for the third consecutive year in affirmation of its perseverance in promoting transparency, accountability, corporate governance, and professionalism.



Brands annual 2022

Sayerlack has been recognized amongst the Top 100 Most Valuable Consumer Brands in Sri Lanka in the Brands Annual 2022 list by LMD. Given a strong partnership of 28 years in distributing Sayerlack products in Sri Lanka and across South Asia, JAT holdings has distinguished itself as the largest authorized distributor of Sayerlack. Concurrently JAT Holdings was ranked amongst LMD's Top 20 Conglomerate Brands in Sri Lanka, according to Brands Annual 2022, a survey conducted by Brand Finance, the World's leading independent brand valuation and strategy consultancy firm.



Dragons of Asia Awards

JAT Holding's WHITE by JAT marketing campaign was awarded Silver for the "Best Mobile Marketing Campaign" at the Dragons of Asia award show. The Dragons of Asia is a prestigious marketing communication recognition program that evaluates brands and agencies across the APAC region. JAT was credited for its breakthrough marketing activities that transformed the local paint industry, pioneering Sri Lanka's first online paint store.



SLIM NASCO Awards

JAT was awarded with 9 individual accolades at the National Sales Congress (NASCO) Awards 2020, organized by the Sri Lanka Institute of Marketing (SLIM). SLIM NASCO is a highly respected national award ceremony that recognizes efforts and performance of sales professionals. The relentless dedication and outstanding performance of the JAT sales staff was acknowledged through the 9 individual awards won across various categories.



MAA Globes

Recording the first gold for any Sri Lankan agency at THE GLOBES, WHITE by JAT's launch campaign with Mr. White secured gold for the Best Mobile Marketing Campaign at the 35th MAA World Globes. Five brands dominate the emulsion paint market in Sri Lanka. White paint accounts for 85% of sales. Retailers secure around 60% in manufacturer commissions but only 10 - 15% is passed to customers. Triad Sri Lanka saw an opportunity to launch a new paint brand in white, called what else: Mr White, which changed the industry for good. Rather than launching a simple to navigate eCommerce site, the Agency created an eCommerce store with its own Dealer to answer paint questions and a permanent 40% discount, including island-wide delivery. The launch was a massive success in sales, market penetration and ROI. Mr White is now Sri Lanka's best paint salesman.

SYSTEMS AND PROCESSES

The Group has continuously invested in modern systems and technologies to strengthen its internal processes and benchmark industry best standards. The manufacturing plants have obtained quality accreditations certifying the excellent production standards. Through continued compliance to an array of environmental, social and product-related certifications, the Group has positioned itself to pursue entry into new market segments.

ISO 14001: 2015

Certifies the Group's
Environmental
Management System

ISO 45001:2018

Assurance on the Group's
Occupational Health and
Safety Framework

ISO 9001:2015

Demonstrates ability
to consistently provide
products and services
that meet customer and
regulatory requirements
and to demonstrate
continuous improvement

CAPITAL REPORTS

INTELLECTUAL CAPITAL

JAT has adopted lean manufacturing and waste management systems to drive cost and process efficiencies. Continuous improvement philosophies are promoted throughout the organization and many training programs were conducted during the year to reinforce these practices.

INNOVATION THROUGH RESEARCH AND DEVELOPMENT

JAT has built a strong reputation for innovation and has continuously invested in modern systems and technologies to benchmark against industry best standards. The R&D facility based in Kahathuduwa is equipped with state-of-the-art equipment and manned by 11 highly qualified technical personnel. Collaboration and collective efforts of marketing, R&D and manufacturing teams ensure emerging trends are identified and tailor-made solutions are deployed ahead of competition.

Notable pioneering solutions introduced by JAT include the following:

- ◆ Transforming the wood coatings industry with the introduction of water base wood coatings in Sri Lanka as well as polyurethane (PU) in Bangladesh.
- ◆ Award winning products such as 'Petal Paint' which gained international recognition
- ◆ Being instrumental in providing localized input to key principals such as Sayerlack to enhance the quality and finish of wood coating products regionally

Innovation and new product development continue to be a critical success factor in consolidating JAT's position in wood coatings and decorative paints sectors. Recent product developments by JAT include:

- ◆ WHITE by JAT brilliant white emulsion paints with best opacity, higher coverage and whiteness index
- ◆ Undercoat and sealers for WHITE by JAT
- ◆ Harris budget range paint brushes to enter an untapped market segment

- ◆ Brush Master wood coating brush range
- ◆ Masters sealing coat for wooden application
- ◆ JAT Care product range for hand sanitizers and disinfectant surface cleaners



WAY FORWARD

In line with its IPO commitments, the Group has commenced set up of a state-of-the-art R&D Centre at an investment of Rs.440 million. Upon completion the Centre will be the first-of-its kind in Sri Lanka and one of the largest in South Asia. The facility will be equipped with advanced instruments for reverse engineering, microbiology and other testing equipment. Plans are also in place to obtain the IES 17025 accreditation for competence in testing and calibration laboratories.

The Group has also formulated innovation plans for the next 2 years and priorities for next year include the following:

- ✦ Value engineering of existing products which would facilitate the reduction in costs while maintaining the quality
- ✦ New product development in key business verticals
- ✦ Pursue new products for the export mare

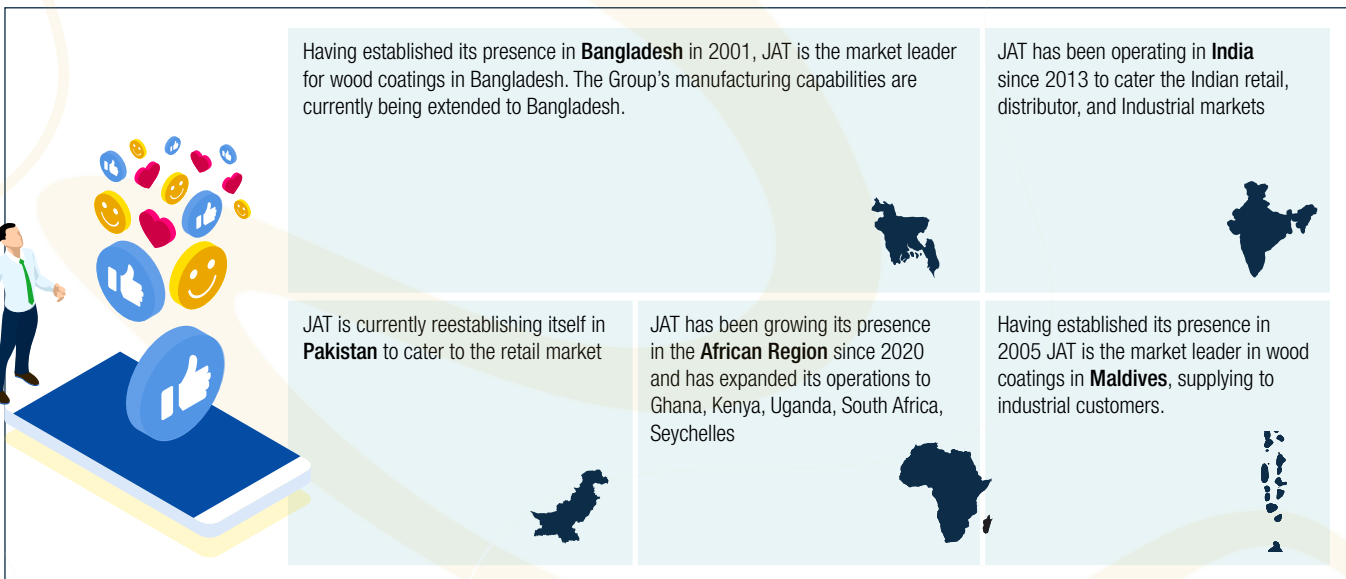
SOCIAL AND RELATIONSHIP CAPITAL

The long-standing relationships we have built with our customers, partners and the community are integral to the mutual and collective growth of the company and its stakeholders.

CUSTOMER RELATIONSHIPS

CUSTOMER PROFILE

The Group has, in recent years seen strong growth in its customer base, driven by a widening product portfolio and strategic marketing efforts. JAT's customer profile consists of homeowners, residential and commercial projects, and intermediaries such as carpenters and painters. With over 5000 dealers catering to the local market and a portfolio of over 18 brands, JAT caters to customers' varying price preferences offering a range of value propositions. The Group has broadened its export offering by venturing into newer markets in South Asia and Africa.

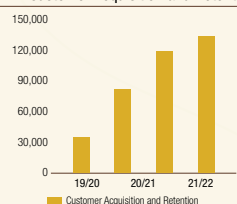


SOCIAL & RELATIONSHIP CAPITAL INPUTS



Over **663** suppliers
Over **15** principals
Community relationships
130,000+ Loyalty base
6700+ outlet reach

Customer Acquisition and Retention



VALUE TRANSFORMATION

Strengthening of local and global partnerships

CUSTOMER VALUE DELIVERED THROUGH

Quality and continuous improvement embedded to the work culture to ensure robustness of internal processes and high standard of products

Strengthen community relationships

VALUE CREATION/ EROSION

66% sales value growth
Rs. **5,944** payments to suppliers
27% sales volume growth

CAPITAL REPORTS

SOCIAL AND RELATIONSHIP CAPITAL

MANAGING CUSTOMER RELATIONSHIPS

Delivering our customer value proposition (2021/22)

CUSTOMER CENTRICITY

Understanding emerging customer needs and responding to these with innovative product solutions have enabled the Group to sharpen its competitive edge in key product categories. The customer-oriented philosophy lays emphasis on understanding customer needs, responding with agility and delivering a products and services which exceed customer expectations with efficiency and effectiveness. Regular interactions and engagement with customers is an integral part of JAT's company ethos. We engage with customers through events, social media, one on one interactions with customers by salesforce, and communication via SMS, emails and call center.

In order to continually improve our products and services customer satisfaction is monitored through feedback surveys on social media, consumer research and one on one feedback gathering through the sales process.

LOYALTY AND REWARD

The Sayerlack Loyalty program which was launched in 2019 has seen significant growth with the loyal customer base growing to 130,000 within a period of 3 years. The loyalty program is designed to reward customers with long term financial benefits in appreciation of their patronage. Keeping in mind the income potential of the majority of customers, JAT collaborated with Commercial Bank to offer an exclusive loyalty debit card to incentivize customers to save for the future. Linking the loyalty programme, the company collaborated with the National Apprentice and Industrial Training Authority (NAITA) to offer specialized training programmes in which participants receive an NVQ Level 3 certification where loyalty members get priority enrolment.

130,000 Members

30.4 million Points Redeemed

PRODUCT RESPONSIBILITY

The Group is committed to ensuring the highest quality and consistency of products through stringent quality processes and adherence to numerous certifications. During the year under review there were no incidences of non-compliance with regards to laws, regulations or standards relating to customer health, safety, labelling information or marketing communication.

The Group benefits from its partnerships with international brands who are global leaders in innovation, offering cutting edge solutions to consumer safety and well-being. Examples of innovative products offered are shown below:

- ◆ Internationally renowned Herman Miller office chairs backed by research on the science of sitting develop ergonomic designs focused on reducing physiological and biomechanical stresses caused by incorrect posture and long hours of sitting
- ◆ The first UV-C LED based air purifier by Knauf Ceiling solutions which purifies airborne microorganisms with 100% efficiency
- ◆ National Medical Regulatory Authority (NMRA) approved JAT care hand sanitizer and surface cleaner
- ◆ EN71 standard maintained for Sayerlack
- ◆ WHITE by JAT is lead free and maintains Low VOC levels



LOCAL INDUSTRY UPLIFTMENT

As an initiative to support the local woodcraft industry JAT has established a program to enhance the skill and competency of the youthful workforce. The JAT Pinthaaroo- Shipee Abhiman program has been introduced in partnership with NAITA to encourage carpenters and painters to receive qualifications and add value to their trade. Through an in-house assessment system, skilled woodcraftsmen are identified and nominated to a fast-tracked qualification program to obtain NVQ level certification from NAITA. By providing the opportunity to uncover talent and obtain globally recognized qualification, JAT supports the upliftment of the woodcraft industry as a viable career path in Sri Lanka.

DIGITAL DELIVERY

With an emboldened strategy to transform the customer experience, JAT pioneered a unique distribution model in the paints industry through a fully integrated end-to-end e-commerce platform. Penetrating an already saturated market, the WHITE by JAT emulsion paint brand was launched digitally by pursuing a direct-to-consumer strategy as the primary sales driver. Targeted promotions and an attractive pricing strategy were used on the Group's website and third-party e-commerce platforms to incentivize customers to purchase online. Customer's need for purchasing advice and recommendation was satisfied through social media platforms and active customer engagement. Customer convenience was facilitated through a 3-step ordering process with value added services such as volume converters. During a time where travel restrictions and traditional paint shops were not accessible, the digital launch of WHITE by JAT allowed homeowners to gain access to the product and experience the convenience of free home delivery.

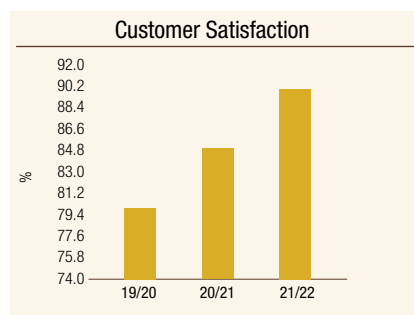
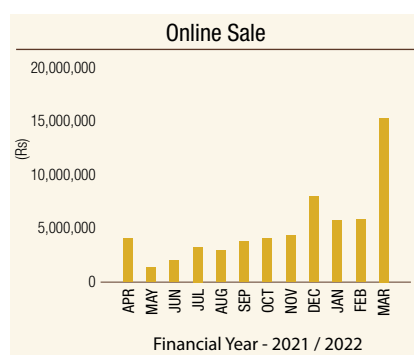


LKR 60 million
online revenue



3500
Online transactions

MEASURING SUCCESS



BUSINESS PARTNERS

The Group invests in building long term relationships with its many business partners which comprises of local and international suppliers, service providers and dealers. The diverse network of suppliers is a key source of competitive edge that the Group has honed and developed over the years. The strong supplier relationships are evidenced by the fact that majority of the supplier base has been partners with JAT for over 5 years.

PRINCIPALS

JAT has fostered strong relationships with over 15 principals. The majority of our partnerships are with globally reputed brands that are at the forefront of technology and design, allowing the Group to strengthen its portfolio and intellectual capital. During the year, emphasis was placed on maintaining close engagement with our principals and ensuring continued supply, in view of the complexities in the economic landscape.

JAT reaffirmed as the No. 1 global partner for Sayerlack by Sherwin Williams Company

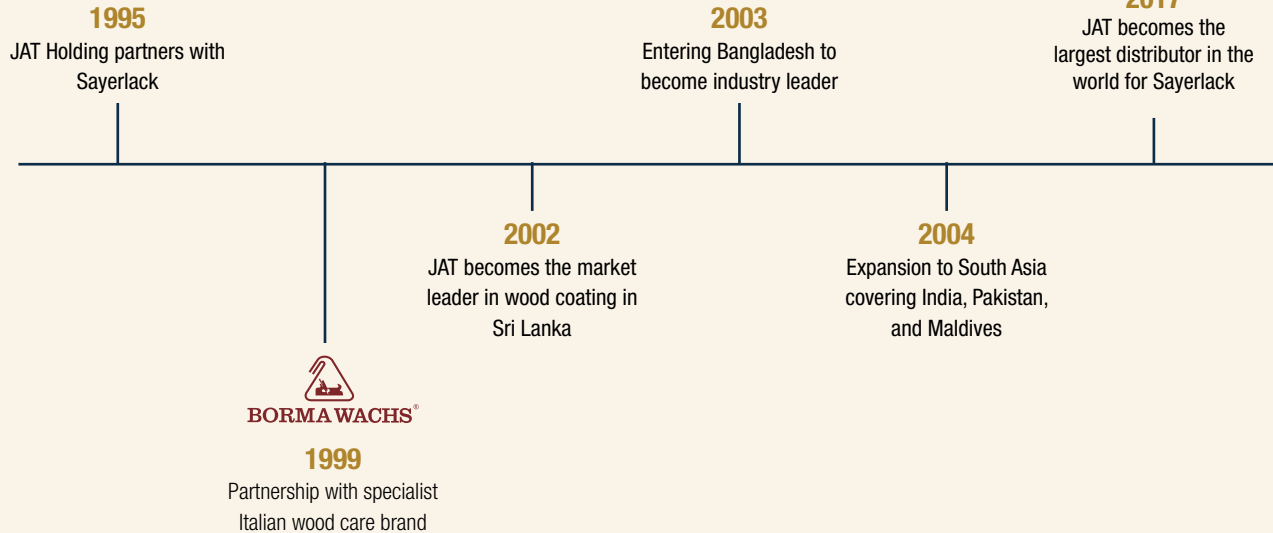
JAT is the exclusive agent for the distribution of Sayerlack products in South Asia and key regions of Africa. In 2021 Sherwin Williams Company, which is the world's largest paint company, reaffirmed JAT as its No.1 global partner in terms of revenue for its wood coating brand, Sayerlack. JAT also holds the exclusive agency for many leading brands of the world such as SEA Kitchen Solutions, Herman Miller office furniture, Knac Ceilings and Lifewood flooring.

CAPITAL REPORTS

SOCIAL AND RELATIONSHIP CAPITAL

WOOD COATING SOLUTIONS

Comprehensive range of interior and exterior wood coating solutions including water-based and solvent-based products that provides the perfect, long-lasting finish for any type of wood finish. Sayerlack recognized by LMD Brand Finance as the top 100 most loved consumer brands in Sri Lanka.



DECORATIVE PAINTS AND ACCESSORIES

High-quality interior and exterior emulsion and enamel paints including decorating tools, paint brushes and rollers

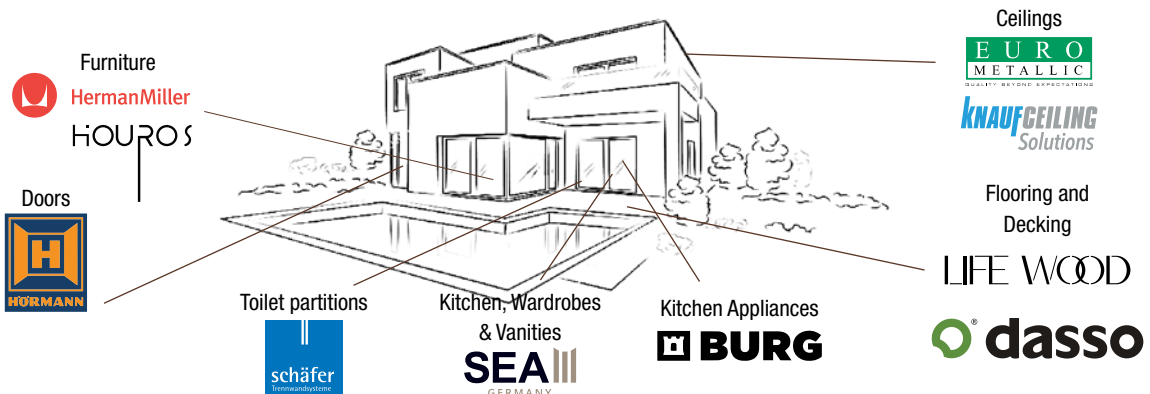


2018

Appointment by Harris UK (Now known as Orkla House) as the exclusive manufacturer, distributor, and marketer in Sri Lanka

FURNISHING SOLUTIONS

Bespoke kitchens, wardrobes and vanities, ergonomic office furniture, wooden and metal doors, ceiling, and flooring solutions.



DISTRIBUTORS AND INFLUENCERS

The Group has a multi-channel distribution network linking its range of products with homeowners, retail market and institutions. The well-established dealer network is spread across the island with over 5,000 customer touch points via hardware and general trade stores. The dealer network also stretches to international markets across 84 countries offering the Group's product portfolio.

The Group has leveraged its partnerships with key influencers and collaborated with external institutions to create awareness and expand brand visibility. For instance, during the year, renowned Sri Lankan chef and restaurateur Dharshan Munidasa was appointed as the brand ambassador for SEA luxury kitchens. This fitting collaboration allows the SEA kitchen brand to be promoted and elevated amongst the target upmarket clientele. JAT also partnered with the Geoffrey Bawa Foundation in hosting the exhibition 'Geoffrey Bawa: It is essential to be there' in linking the SEA furniture brand with renowned architectural brands.

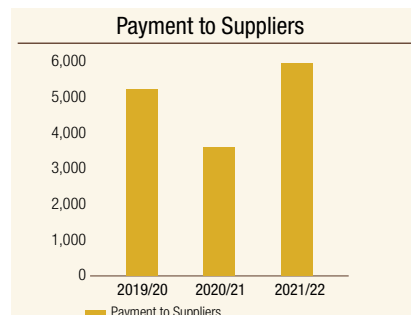


Product endorsements through influencers was carried out to enhance brand visibility with Lochi for Harris Brushes and YES FM morning show hosts Asanka and Dominic for Herman Miller furniture.

SUPPLY CHAIN

80% of raw material is imported from multiple countries including Italy, Germany and the Group ensured uninterrupted supply of inputs through careful planning of demand and production trends. Disruptions to the supply chain due to import restrictions and a depreciating currency were carefully navigated by proactively managing working capital cycles and negotiating favorable

credit terms from foreign suppliers. The Group is actively broad basing its supplier network to reduce reliance on import suppliers by expanding local procurement. During the year raw material and packaging material sourced from over 500 local suppliers, injecting over Rs. 2,345 Mn to the local economy.



COMMUNITY RELATIONSHIPS

As an advocate of enhancing long term stakeholder value the Group's approach to CSR is based on driving meaningful socio-economic and environmental change. The Group's overall CSR vision and corporate strategy are aligned through a structured CSR Framework which forms the blueprint for the Group's community initiatives. During the year the CSR framework has been extended by incorporating the Cultural pillar which focuses on conservation and restoration of cultural property and artifacts.

CSR/ CSV Framework *Created Shared Values

Transforming Communities			Transforming Minds	Transforming Planet
Livelihood Development	Culture	Health & Wellness	Education	Environment
Developing the livelihood of Sri Lankans all around the country	The conservation and restoration of cultural property including artworks, architecture, archaeology, and museum collections.	Uplifting the health & wellness of the Sri Lankan community	Uplifting education & nurture future leaders	Developing partnerships & initiate environment projects aligning with compliance
Sayerlack Sathkaraya	Infrastructure Development of religious locations	Medical Camps	Shuttle - Career Guidance Programs / Knowledge sharing	Mihikathata Dayawen - Environment Projects
Carpenter Training Programs	Awareness Programs	JAT Care - Sanitizer Donations	Infrastructure Development	Conservation & Awareness Programs
		Infrastructure Development		Bio-Diversity Enhancement

CAPITAL REPORTS

SOCIAL AND RELATIONSHIP CAPITAL



**TRANSFORMING
COMMUNITIES**

Carpenter Training program for Livelihood Development

An initiative to empower youth in our local communities through carpentry skill development and providing employment opportunities. During the year many direct employment was provided while hundreds of indirect employment opportunities were created within the local community driving socio-economic empowerment.



JAT Pintharu Shilpee Abhiman project

The collaboration between JAT Holdings PLC and the National Apprentice and Industrial Training Authority (NAITA) was launched in December 2021 under the auspices of the Ministry of Skills Development, Vocational Education, Research & Innovation with an objective to uplift the wood industry. The program awards internationally recognized NVQ certifications to wood painters and craftsmen who successfully complete the JAT painter's training program. This unique initiative marks the first of its kind in Sri Lanka's paints industry, and supports the employability and empowerment of Sri Lankan painters.



Athwela program

WHITE by JAT sponsored the 'Athwela' project throughout the year as an initiative to protect places of worship and to safeguard cultural heritage of the country for the future generation. Chaithya of the Pepiliyana Sri Sunethra Devi Raja Maha Viharaya, Jayabodhi Chithya Ukwatta, Avisawella, Moratuwa Indibadha Sri Sudharmaratna Rajamaha Viharaya, Homagama Purana Viharaya were white washed through this project.



JAT Blood Donation Camp

JAT Blood Donation Camp 2022 was held at Sri Sudharshanaramaya Purana Viharaya, Weniwelkola with the collaboration of Sri Lanka National Blood Center. JAT Head office and factory employees, along with community members participated in the blood drive to successfully achieve the required number of donations.



JAT Care Donation

In May 2021 JAT Holdings supported the Western Music Association (WMA) of Sri Lanka by providing its state-of-the-art auditorium as the venue for a virtual concert in support of artists whose careers were disrupted through the restrictions of the COVID-19 pandemic.



Philanthropic Donations

- Donation for the Welfare Society of the Ministry of Health office in Kahathuduwa for the groundbreaking ceremony of the development of the new medical officer building.
- Sponsorship of CMC netball tournament to help develop the local netball community



**TRANSFORMING
MINDS**

“Shuttle” Career Guidance Program

JAT Shuttle is an ongoing program aimed at empowering university students through career development and guidance to transform them as future leaders in Sri Lanka. Members of the Group's management team have contributed to this program as resource persons by sharing their knowledge and experience on their respective fields. Leadership Development Seminars were held for undergraduates of Sabaragamuwa University, Rajarata University, University of Wayamba and University of Sri Jayawardenepura.



Sponsorship of educational infrastructure and programs

JAT contributed to the infrastructure development project of Hanwella, Diddeniya Kanishta Vidyalaya's new library building. The school provides primary education for nearly 300 students from the surrounding community.

JAT sponsored the regional conference of CA Sri Lanka in Galle.



**TRANSFORMING
THE PLANET**

“Mihikathata Dayawen” Project

A series of internal and external projects were initiated by the Group through international, Government and corporate partnerships to endorse environment conservation and advocate leadership in environmental sustainability.

Eco-Innovation Project

The National Cleaner Production Centre (NCPC), Sri Lanka together with United Nations Environment Programme and the Green Building Council of Sri Lanka have collaborated to support the implementation of a GEF (Global Environment Facility) funded project on global best practices in chemical management. Through the signing of an MOU with NCPC, JAT as a leading force in the paint industry is committed to minimize the impacts of its operations by adapting global tools to reduce the use of chemicals in the building sector. By the end of 2021/22 JAT has successfully completed the second phase of this project.



PETAL PAINT SUSTAINABILITY INITIATIVE

Petal paint is an initiative pioneered by JAT to pay homage to Sri Lanka's rich heritage of temple art found on the wall murals of temple shrines. Through this unique initiative, pigment is extracted from flowers discarded at temples to manufacture safe and long-lasting paints. These paints are then used by artists to repaint and restore existing murals of the temples. This initiative attracted

much international recognition and awards as mentioned below:

- ◆ D&AD Impact awards in London awarded Sri Lanka's first ever coveted 'wood pencil' in the environmental sustainability category
- ◆ Gold in the Lotus Innovation and Lotus Roots awards at the Adfest 2019 held in Thailand
- ◆ Only Sri Lankan brand to win Silver Cube in Advertising and Innovation, Bronze Cube in

Product Design-Sustainable/Eco-Friendly and 3 Merit Awards at the ADC Clobal Awards in New York

- ◆ 2 medals at the Epica Awards in United Kingdom
- ◆ Ranked 2nd among the top 5 most creative ideas by ADAGE

NATURAL CAPITAL

As a Group with interests in manufacturing, we are committed to creating an environmentally- conscious culture within the Organisation, in which adverse environmental impacts are mitigated through innovative thinking and responsible behaviour.



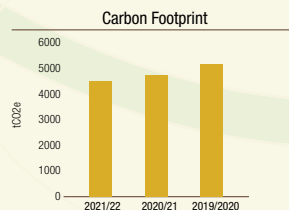
MANAGEMENT APPROACH

Our commitment to environmental sustainability is ingrained in our corporate strategy and core business activities. The Group's Corporate Sustainability Department is responsible for driving the Board's sustainability agenda across the organization and focuses on process re-engineering and system streamlining to minimize environmental impacts over the mid-to-long-term. JAT has obtained a range of certifications to ensure compliance with international standards such as IFC, ISO, RC and SLS standards. As a Responsible Care (RC) certified company, JAT joins the global chemical industry's voluntary initiative to drive continuous improvement in safe chemical management. During the year environmental KPIs and progress made on specific initiatives were converted to dashboard format to enhance monitoring capabilities and to empower employees to track their progress.

NATURAL CAPITAL INPUTS

2,519,873 MJ
Energy consumption

9,293 M³
Water consumption



VALUE TRANSFORMATION

CULTURE OF ENERGY CONSCIOUSNESS

through automation, energy audits, ongoing training and awareness sessions

CHEMICAL CONSCIOUS PROJECT

Continued engagement with suppliers to source sustainable input materials

WATER EFFICIENCY

Focus on reducing water withdrawal and increasing reliance on water consumption

VALUE CREATION/ EROSION

Waste Disposed of
59,370 kg

4,813

Carbon footprint

40% increase
in energy intensity

13% increase
in water intensity

1% increase in carbon intensity

RAW MATERIALS

The Group's key raw materials consist of chemicals used in the manufacturing process and packaging material. Approximately 80% of the raw material is imported and we are committed to sourcing material from responsible suppliers who maintain high ethical and environmental standards. The chemical conscious project initiated within the Group aims to minimize the raw material usage by liaising with suppliers to create gradual and sustainable improvements to input material. With mechanisms in place to monitor process parameters, we ensure scarce material usage is optimized and wastage is minimized across all operations.

WATER

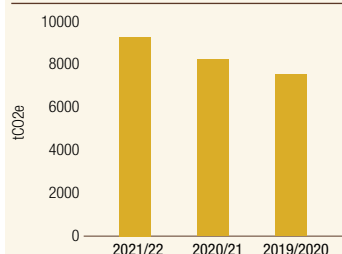
The Group's manufacturing operations are relatively water-intensive, and we are committed to gradually reducing the quantum of water withdrawn for its operations. All water requirements for production are fulfilled through the National Water Supply Board and mechanisms are in place to continuously monitor water consumption and identify areas for improving water efficiency. The Group's water consumption amounted to 9,293,000 liters during the year, an increase of 13% compared to the previous year.

Our environmental strategy is focused on reducing water withdrawal through treating wastewater for re-use. Manufacturing operations accounts for the majority of the Group's water consumption. By recycling the water discharged from these processes, all the of water is re-used on a daily basis.

Water Auditing and Water Footprint Assessment

Training programs are conducted to evaluate the usage of water through water auditing, water footprint accounting and sustainability assessment with response formulations. Relevant officers are trained to recognize water-saving potential and educated on water conservation techniques for long term preservation.

Water Consumption



ENERGY

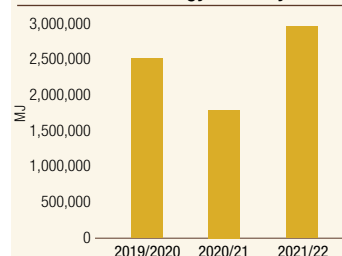
The Group's main sources of energy are electricity and auto fuel such as diesel and petrol. The clean energy journey has been instigated through the Group's energy management agenda which aims to enhance energy efficiency and minimize carbon intensity. Through the implementation of

lean manufacturing initiatives, inefficient resource consumption is monitored, and energy optimization is ensured through process streamlining. Key initiatives during the year to enhance energy efficiency are as follows:

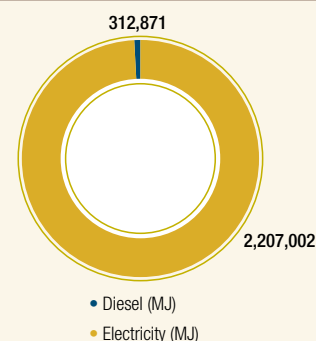
- Energy management awareness and training programs conducted to nurture an energy-conscious culture and to share knowledge on industry best practices. During the year, employees participated in a training conducted by the National Cleaner Production Centre according to the mandatory requirements for Energy Managers accreditation by Sri Lanka Sustainable Energy Authority.
- Employee awareness sessions on energy conservation including switching off computer monitors, base units and lights at the end of each day
- Launch of pilot project to reduce the Group's energy consumption by load shifting the electricity usage from the grid during peak times with the use of a generator. The progress of the project is being monitored to estimate the long-term cost savings generated.
- With the aim to reduce the reliance of fossil-fuel based energy sources, the Group has its

solar system capacity at 350 KW. Solar systems are installed at the head office and factory premises, generating a combined output of 262,395 kWh throughout the year.

Energy Intensity



Energy Consumption by Source



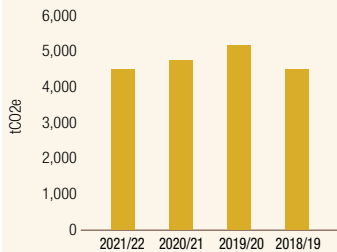
		2021/22	2020/21	YOY %
Energy Consumption	MJ	2,519,873	1,795,356	40%
Water Consumption	Liters	9,293,000	8,244,000	13%
Renewable Energy Generation	Kwh	262,395	225,969	16%
Carbon Footprint	tCO2e	4,813	4,759	1%

CARBON FOOTPRINT

The Group is committed to driving sustainable reductions in its carbon footprint by reducing the dependence on fossil fuel and increasing the reliance on renewal energy. The Group has adopted the methodology proposed by the Greenhouse Gas Protocol to measure its carbon footprint and is the first in the local industry to measure impacts across all 3 scopes. During the year the carbon footprint has increased 1% while the carbon intensity per product per liter has recorded a consistent decline of 35% in line with the Group's continued efforts to achieve net zero emissions.

Scopes		2021/22	2020/2021	YOY %
Scope one GHG emission	tCO2e	461	1,065	-57%
Scope two GHG emission	tCO2e	358	291	23%
Scope Three GHG emission	tCO2e	3,993	3,402	17%
Total	tCO2e	4,813	4,759	+1%
Per product CF tCO2e per Liter	tCO2e	0.00081	0.00125	-35%
Per EMP CF tCO2e	tCO2e	13.75	13.60	+1%

Carbon Footprint

**WASTE MANAGEMENT**

Key types of waste generated from the Group's operations include sludge generated from its manufacturing operations, solid waste and e-waste. In line with the Group's waste management policy all waste is segregated at source and disposed with minimal environmental damage. Employees are educated regarding

Waste	KG	Type	
Disposable Pallet	31,020	Disposed	Nonrenewable
Waste water + drum	4,350	Disposed	Nonrenewable
Garbage bags	24,000	Land fill	Nonrenewable
Metal Drums (G1, G2, G3, and Sayerlack drum 200L)	112,050	Recycle	Renewable
Plastic Drums (200L, 120L, 35L)	9,336	Recycle	Renewable
Plastic bucket	844	Recycle	Renewable
Sayerlack tin (25L, 12L, 5L)	6,720	Recycle	Renewable
Plastic can and disposal plastic	2,402	Recycle	Renewable
Polythene	6,922	Recycle	Renewable
Cardboard	6,245	Recycle	Renewable
Metal	142	Recycle	Renewable
IBC Tank	18,525	Recycle	Renewable
Textile Tube	121	Recycle	Renewable
Paper	617	Recycle	Renewable
Pet Bottles	-	Recycle	Renewable

responsible disposal of waste through ongoing awareness sessions. The implementation of the chemical-consciousness project is also expected to result in a gradual reduction of chemical-based waste over the medium to long-term.

HAZARDOUS WASTE:

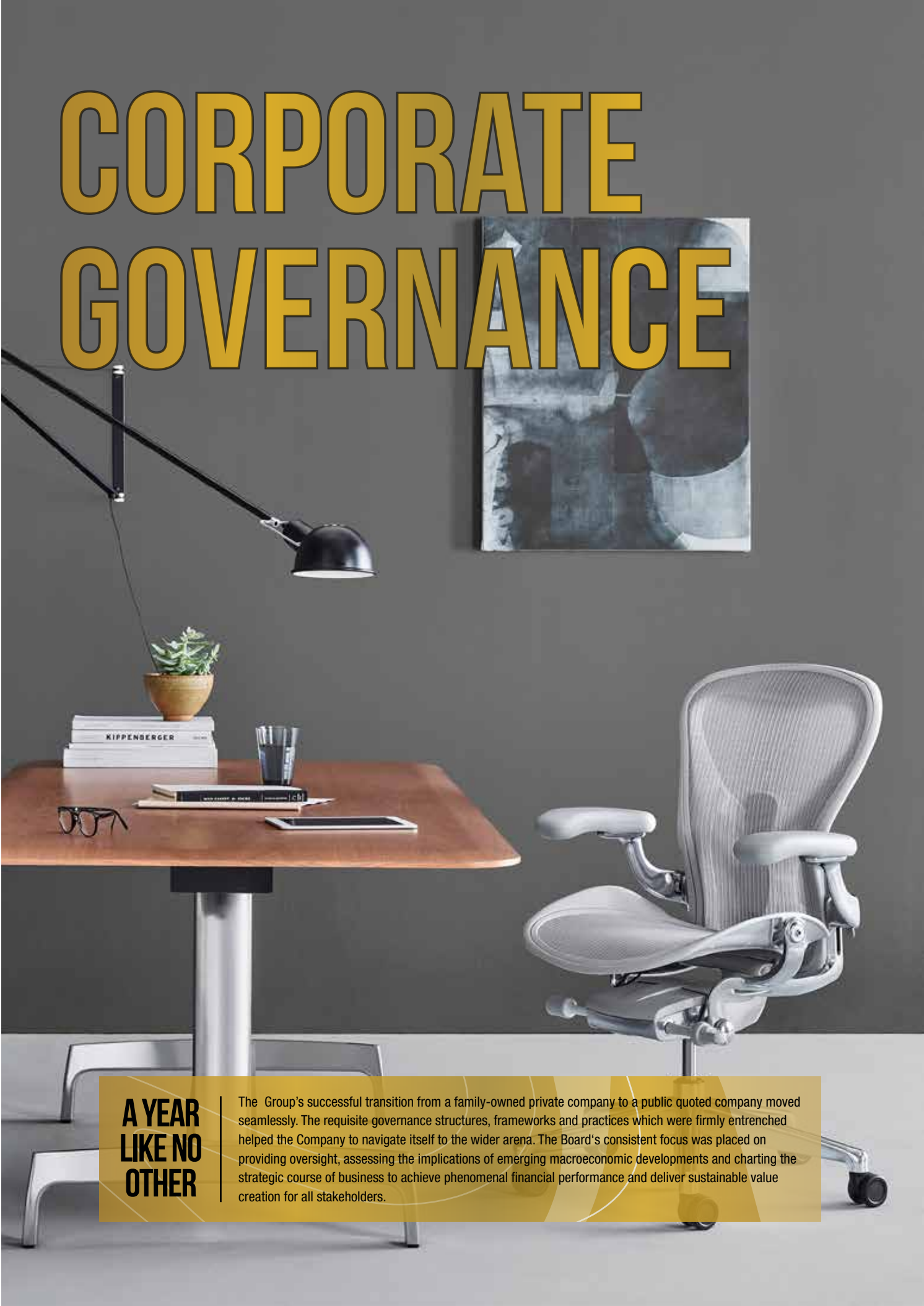
JAT disposes hazardous waste through an agreement with INSEE Eco Cycle (Pvt) LTD, which is Sri Lanka's only company approved by the Central Environmental Authority to responsibly dispose hazardous waste. Approximate 25,000 Kg of hazardous waste is disposed by JAT annually through this method.

E-WASTE:

The Group's comprehensive e-waste management program ensures the responsible disposal of toxic e-waste. Led by the IT department, collection points are defined to gather e-waste across the Group and subsequently handover to the Central Environmental Authority for disposal.

Total Waste	MT
Recycled waste	73%
Land filling waste	11%
Disposed	16%

CORPORATE GOVERNANCE



A YEAR LIKE NO OTHER

The Group's successful transition from a family-owned private company to a public quoted company moved seamlessly. The requisite governance structures, frameworks and practices which were firmly entrenched helped the Company to navigate itself to the wider arena. The Board's consistent focus was placed on providing oversight, assessing the implications of emerging macroeconomic developments and charting the strategic course of business to achieve phenomenal financial performance and deliver sustainable value creation for all stakeholders.

CORPORATE GOVERNANCE

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

Dear Shareholders,

The Group/Company ensures to comply with established best practices in corporate governance and ensures the highest ethical standards in conduct of its business. The Board adopts core values and standards which set out the conduct of staff in their dealings with shareholders, customers, colleagues, suppliers and other stakeholders.

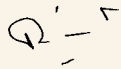
It was a momentous year for JAT Holdings PLC, as it transformed from a privately held enterprise to a publicly quoted company with its shares listed on the Colombo Stock Exchange. The Group's IPO opened on the 20th of July 2021, and was oversubscribed by two times, reflecting significant investor interest and optimism despite the relatively subdued broad market sentiments that prevailed during the year. The IPO provided an opportunity to broad base the Company's shareholding, raise capital for exciting expansion plans and offer an exit for the private equity firm that was engaged with the Group for over 4 years. From a corporate governance perspective, the transition to a public quoted company has been relatively seamless for the Group as it had long-since voluntarily adopted regulatory requirements on corporate governance applicable to listed companies.

KEY AREAS OF FOCUS

The Board's main focus during the year was providing oversight on the measures implemented to ensure the safety of employees, assessing the implications of macro-economic vulnerabilities and strengthening risk management practices. The Board engaged proactively with the Executive Directors in understanding the Group's plans to ensure continuity of production, operations and distributions given the unprecedented conditions that prevailed during the year.

COMPLIANCE

This Report details the Company's compliance with the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) in 2017. As stipulated by the Code, I also hereby affirm that I am not aware of any material violations of any provisions of the Code of Business Conduct and Ethics by any Director or any member of the Corporate Management team of JAT Holdings PLC.



Dr. Sivakumar Selliah
Chairman

GOVERNANCE HIGHLIGHTS 2021/22

Successfully Listed Shares on the
Colombo Stock Exchange (CSE)

Board
Refreshment

Appointment of CEO
To the Board as an
Executive Director

8 Board meetings held

OUR APPROACH TO CORPORATE GOVERNANCE

The Group's corporate governance philosophy underpins the achievement of ethical and stewardship obligations while driving the creation of long-term stakeholder value. Even as a privately held entity, JAT had voluntarily adopted regulatory requirements on corporate governance applicable to listed companies, due to which the transition to a public quoted company was seamless, with the relevant governance structures and policies already in place.

Steering instruments of the Group's governance framework

EXTERNAL INSTRUMENTS

- ◆ Companies Act No. 07 of 2007
- ◆ Continuing listing requirements of the Colombo Stock Exchange
- ◆ Code of Best Practice on Corporate Governance issued by the Chartered Accountants of Sri Lanka in December 2017
- ◆ Integrated Reporting Framework of the International Integrated Reporting Committee
- ◆ Compliance with the guidelines of the Sri Lanka Accounting Standards (LKAS and SLFRS)
- ◆ Sri Lanka Accounting and Auditing Standards Act No. 115 of 1995

INTERNAL INSTRUMENTS

- ◆ Articles of Association
- ◆ Board and Sub-Committees Terms of Reference
- ◆ Code of Ethics
- ◆ Internal controls systems
- ◆ Board approved policy framework

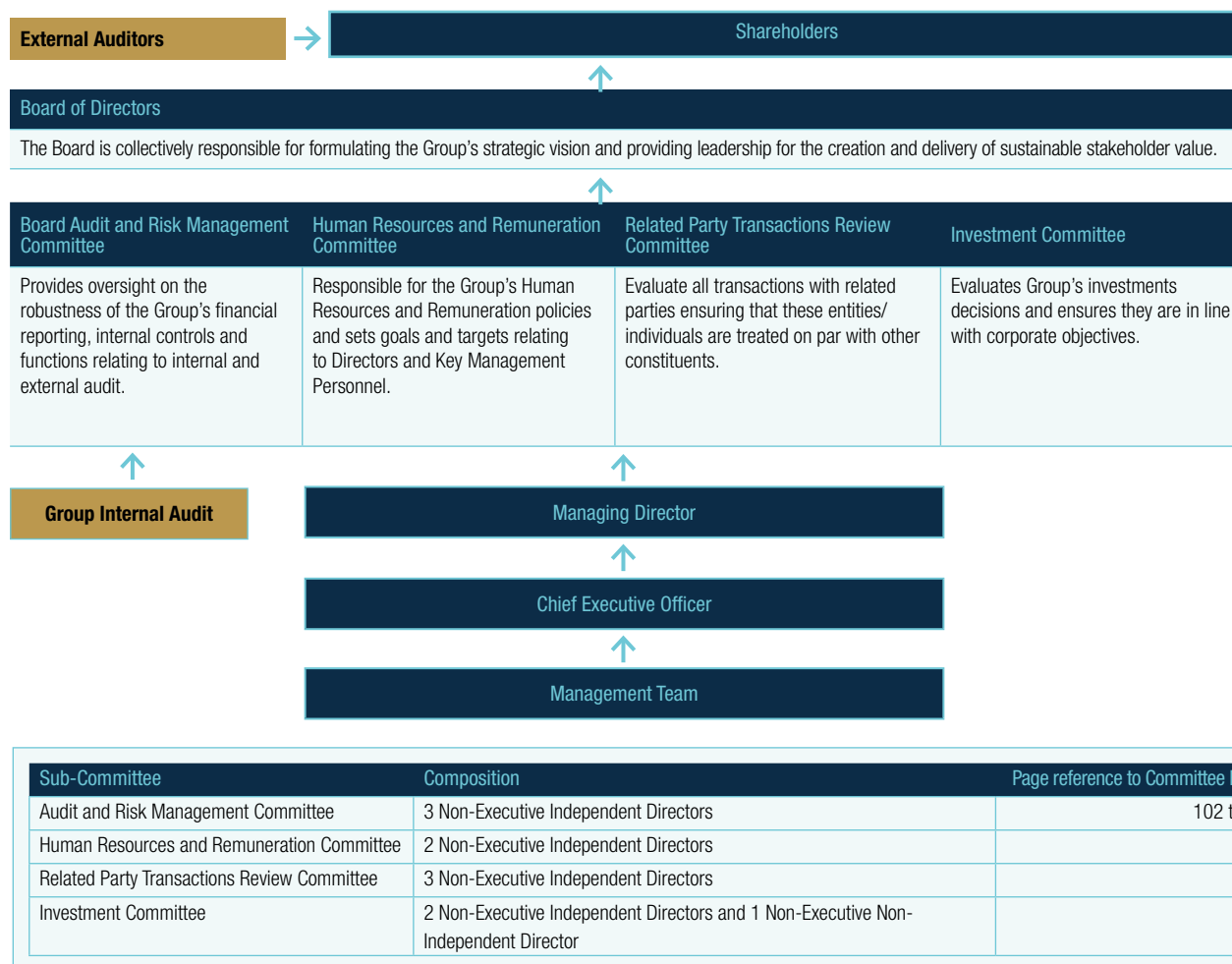
INTERNAL MECHANISMS

- ◆ Strategic planning
- ◆ Stakeholder engagement
- ◆ HR and People management
- ◆ Sustainability
- ◆ Risk Management

GOVERNANCE STRUCTURE

The Board of Directors is the apex governing authority and is supported by 4 sub committees which have oversight responsibility on matters delegated to them, thereby ensuring that adequate resources and time are devoted to assessing these functions. The composition and objectives of each of these Board Committees are clearly set out in Terms of References. Please refer to the Reports of the sub-committees from page 102 to page 106 of this Report for further information.

The Governance Structure is graphically illustrated below:



POLICY FRAMEWORK

A comprehensive Board-approved policy framework ensures consistent treatment of strategic and operational issues; the policies are reviewed and revised regularly to applicability to changing dynamics. The Group's key policies are presented below.



EFFECTIVE LEADERSHIP

As the apex governing body, the Board of Directors is responsible setting the Group's strategic direction, effectively managing risks within the Group's risk appetite and setting the right ethical tone at the top. The Board also plays a vital role in shaping organisation culture, driving accountability, transparency, and integrity across the organisation.

BOARD COMPOSITION

As at end-March 2022, the Board comprises 9 directors including 2 executive and 7 non-executive directors of whom 4 are independent. The Board is diverse in its expertise, skills, experience, and demographics therefore bringing in rich

perspectives to the Board, enhancing the depth of discussions and quality of decision making. Please refer to page 26 for brief profiles of the Board of Directors. Board refreshment happens regularly, and appointments follow a transparent and

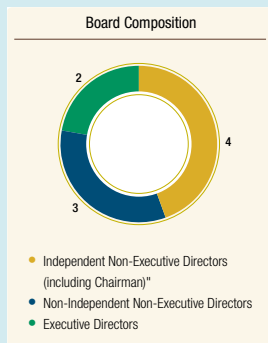
rigorous process. The Board periodically assesses its skill composition to ensure that its expertise remains relevant in driving the Group's strategic agenda.

Changes to the Board of Directors

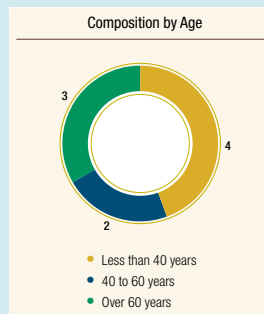
Resignation of Girish Patil (Non-executive, Independent Director)

Following exit of private equity firm NDB Zephyr Partners Lanka (Pvt) Ltd – (Emerald Sri Lanka Fund I Limited)

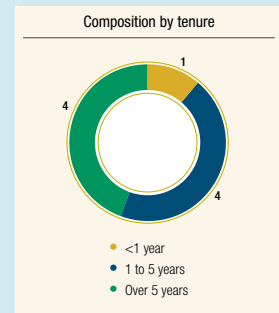
Appointment of Nishal Ferdinando – Chief Executive Officer as an Executive Director

BOARD COMPOSITION

3
Female
Directors

GENDER DIVERSITY

6
Male
Directors

**SKILL PROFILE**

Finance & Accounting



International Business



Legal



Marketing & Advertising



Corporate leadership

BOARD RESPONSIBILITY

The Board is the ultimate custodian of the Group's corporate governance and is responsible for creating and delivering sustainable shareholder value. The Board also determines the Group's strategic direction and deliberates with executive management on risk management, performance and resource allocation while ensuring accountability and transparency. The

key responsibilities of the Board are set out in the Board Charter and include the following:

- ◆ To represent and serve interests of shareholders by overseeing and appraising the Company's strategies, policies and performance
- ◆ Optimise performance and build sustainable value for shareholders in accordance with the regulatory framework and internal policies
- ◆ Providing direction and guidance to the management through strategy formulation
- ◆ Formulate the policy framework and review and update of the same on a regular basis
- ◆ Ensure regulators are apprised of the Company's performance

INDUCTION AND TRAINING

Upon being appointed to the Board, all Directors undergo an induction which serves to provide an overview of the Group's operations. Directors are also expected to consistently refresh their knowledge, keeping abreast of all relevant developments and thereby contributing to the overall effectiveness of decision making. Directors have access to the management team through regular updates and reporting to the Board. As members of professional organisations, Directors also attend continuous development programmes of these organisations.



INDUCTION PROGRAM

- ◆ Group's governance procedures
- ◆ Regulatory requirements
- ◆ Market positions and business strategies
- ◆ Presentations by the management team

ACCESS TO INFORMATION

Directors have access to timely, relevant and accurate information, which enables them to discharge their duties effectively. The Company Secretary, under the direction of the Chairman, is responsible for ensuring that the Board and its sub-committees receive such information for review in sufficient time ahead of each meeting. Prior to Board meetings, Directors are typically provided information including periodic operational and financial performance reports, budgets and forecasts and information on stakeholder concerns, among others.

COMPANY SECRETARY

The Company Secretary plays a vital role in implementing the Group's Corporate Governance framework and ensuring that proper Board procedures are followed in line with applicable laws, rules, and regulations. All directors have access to the advice and services of the Company

Secretary, and he assists the Chairman and Managing Director in setting the agenda for the Board meetings and for maintaining proper Board minutes in consultation with the Chairman.

BOARD MINUTES

- ◆ Matters considered by the Board and deliberations
- ◆ Summary of information used for Board deliberations
- ◆ Testimonies and confirmations from the senior management
- ◆ Board knowledge and understanding of risk to which the company is exposed
- ◆ Decisions and Board resolutions.

CHAIRMAN

- ◆ Ensuring that Board proceedings are conducted in a proper manner
- ◆ Facilitating and encouraging the expression of diverse views by Board members
- ◆ Lead and manage the business of the Board
- ◆ Determine corporate governance
- ◆ Ensuring shareholder concerns are addressed

MANAGING DIRECTOR

- ◆ Provides assurance to the Board related to identification, assessment of risk and adequacy of internal controls
- ◆ Ensure alignment between Board of Directors and management
- ◆ Conceptualising ideas and networking

CHIEF EXECUTIVE OFFICER

- ◆ Effectively lead the Company's daily operations and ensure the effective implementation of the strategic direction
- ◆ Ensure succession planning of the executive team
- ◆ Account for strategy and sustainable growth of Company
- ◆ Reporting the performance to the Board

STRUCTURES AND BALANCE OF POWER

SEGREGATION OF DUTIES

There is a clear division of responsibilities between the Board and the executive leadership of the Group's business. These responsibilities are clearly set out in writing and agreed by the Board. The Chairman provides leadership to the Board, setting the tone at the top and ensuring that all governance procedures are carried out in accordance with the laid-out framework. As the founding entrepreneur, the Group's Managing Director plays the leading role in setting the Group's strategic direction through conceptualizing ideas and engaging with relevant stakeholders. Operationalising the vision is the responsibility of the CEO who is accountable for implementing the Group's strategy, building the talent pool in line with the strategic aspirations and embodying the corporate culture and values of the Group.

INDEPENDENCE

All Directors submit annual declarations of independence or non-independence in accordance with the Articles of Association, stipulations of the Listing Rules of the CSE and the guidelines of the Code of Best Practice.

CRITERIA

Independence is determined against the criteria set out in the Code of Best Practice on Corporate Governance (2017). The Director should be independent in character and judgement and be free of any relationships or circumstances which could affect independent judgement.

ASSESSMENT

Assessments of independence are carried out annually. Directors submit annual declarations and circumstances are assessed by the Board collectively with focus on directors' interests, position, association or relatives, which are likely to influence or cause bias in decision making

RESULTS

4 out of 9 Directors (including the Chairman) were deemed independent by the Board.

Oversight in ensuring that the Group's strategy is fit-for-purpose and directed towards creating stakeholder value in alignment with the Vision and Mission.



DRIVE STRATEGY AND PERFORMANCE

Setting the tone at the top and shaping organisational culture in line with the Group's Corporate Values



CULTURE AND ETHICS

Ensure the robustness, prudence and effectiveness of the risk management practices and internal controls in place



EFFECTIVE CONTROL AND RISK MANAGEMENT

Ensuring that business is conducted in a sustainable manner, with commercial, social and environment factors given due consideration



SUSTAINABILITY AND STAKEHOLDER RELATIONSHIPS

OVERSIGHT ON STRATEGY AND PERFORMANCE

The Board is responsible for setting the Group's strategic direction, giving due consideration to trends in the operating landscape, industry dynamics, the Group's inherent strengths and weaknesses and its operating model. Given the unprecedented challenges that prevailed in 2021/22, Board emphasis was placed on the following factors:

- Proactively monitoring developments in the macro-economic landscape and assessing implications on the Group's performance and stability

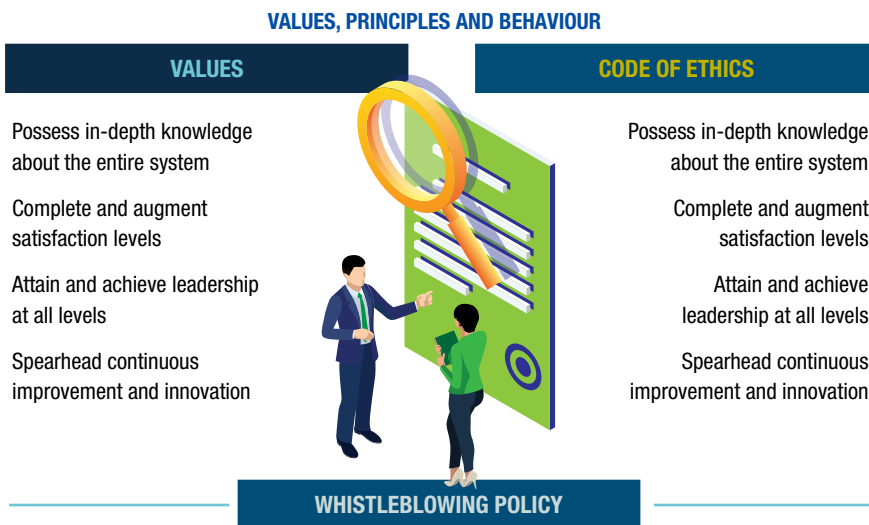
- Safeguarding the physical and mental well-being of employees given the conditions that prevailed
- Critically evaluating the impacts of emerging regulatory developments on the Group-particularly with regards to imports

Monitoring performance: The Board provides oversight on the overall performance of the organisation, ensuring that strategy and performance is aligned to the Company's Vision, mission and purpose. The business governance process commences from the point of preparing

the Annual Plan. This is based on the company's future strategic direction and short term, medium term and long-term objectives; the plan is approved by the Board following proactive discussion and consideration of market dynamics. The Executive Directors closely monitor the performance on a regular basis and report to the Board of Directors on regular intervals. The Chairman and Board of Directors review the performance against defined objectives at all Board meetings.

CULTURE AND ETHICS

The Board is responsible for setting the right ethical tone at the top, thereby contributing towards shaping an organisational culture that is aligned to our values. The Group's organisational culture provides a good foundation for understanding the expectations of both what is expected in both internal and external stakeholder interactions. Key tools in place which contribute towards shaping the Group's culture are set out below:



(1) Code of Ethics: The Company's Code of Conduct and Business ethics are applicable to all employees, the Senior Management and the Board of Directors. The Code sets out the expected conduct of employees when interacting with stakeholders and includes,

- ◆ Exercising honesty and diligence when performing one's duties.
- ◆ Avoid situations of personal interest which might conflict with the interests of the company.
- ◆ Maintain confidentiality of price sensitive and other information.
- ◆ Safeguard company assets.
- ◆ Avoid conduct that will affect badly on the company image.
- ◆ Considerations on labour and human rights as well as social and environmental sustainability.

(2) Whistleblowing Policy: The Board approved whistleblowing policy provides an opportunity for employees who observe any improper

practice/fraud to report such grievances to the chairman. A structured mechanism is in place for addressing such grievances with employee anonymity preserved at all times.

The Company maintains a policy against corruption and strict actions will be taken against employees who are involved with acts including workplace harassment including accepting bribes or unacceptable gifts. The internal audit department carries out regular audits on all the transactions and activities of the group in order to prevent unaccountable expenses.



Implications of exchange rate volatility and shortage in foreign currency



Disruptions to local and global supply chains and its impact on raw material procurement



Disruptions to fuel and energy cost and availability and its impact to the manufacturing operation

The company has also taken below measures against anti-competitive practices.

- ◆ The Group is not a part of any cartels in the paint segment
- ◆ The Group acts independently in terms of price increases
- ◆ The Company has never been a part of any boycotts etc.
- ◆ The Company follows a pricing policy only based on the supply and demand levels in the market

EFFECTIVE CONTROL AND RISK MANAGEMENT

The Board is responsible for ensuring the robustness of the Group's risk management and internal control systems, which include internal and external financial reporting and compliance to all legal and statutory requirements. The Audit and Risk Management Committee and the Related Party Transaction Review committee support the Board in ensuring the adequacy of the internal control systems. Non-executive Directors also meet the external/internal auditors without the participation of the executive directors and management in assessing the adequacy and robustness of internal controls. Accordingly, measures are in place to ensure that proper accounting records are prepared and maintained, and that information is disbursed to all relevant stakeholders in a timely manner.

Given the considerable shifts in the Group's external landscape during the year, the Board placed emphasis on the following risk exposures:



Escalation in health and safety risks given the surge in COVID-19 infections



Interest rate volatility and potential impact on borrowing costs

Accountability and Audit: The Board is responsible for presenting a balanced and accurate assessment of the Company's performance, financial position and outlook. The financial statements are prepared in accordance with the Sri Lanka Financial Reporting Standards laid down by the Institute of Chartered Accountants of Sri Lanka. Our Annual Report is an Integrated Report and complies with the Global Reporting Initiative's GRI Standards.

The following specialised information requirements are also included in this Annual Report.

- ◆ The Annual Report of the Board of Directors on the Affairs of the Company on pages 96 to 101 of this Report contains the declarations prescribed by the Code
- ◆ The Statement of Directors' Responsibility is given on pages 109 of this Report
- ◆ Chief Executive officer's and Finance Director's Responsibility Statement.

External Auditors and Auditor Independence Policy: The Group's external auditors are Ernst & Young Chartered Accountants, and the auditor has not engaged in any services which are in the restricted category as stipulated by the CSE for external auditors. Measures in place to ensure the independence and objectivity of the external auditors as discussed furthermore in the Board Audit and Risk Management Committee Report on page 102.

IT GOVERNANCE AND RISK MANAGEMENT

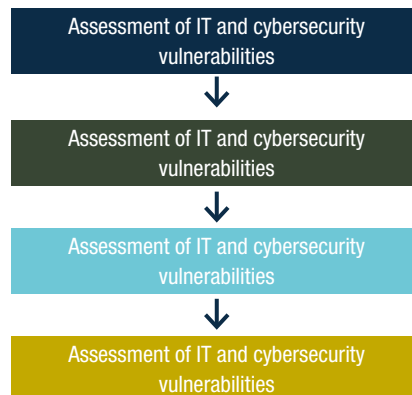
The Group's increased focus on digital platforms and e-commerce channels have increased vulnerabilities to IT risks. Robust IT governance process ensures that these risks are managed in a systematic manner and aligned to the Group's overall strategic and operational objectives. IT Governance is an integral part of the Group's Corporate Governance framework and ensures that the Group's IT agenda is aligned to the Group's overall strategic aspirations. The impact of IT Governance to operational areas of the company are set out below.

- ◆ **Compliance:** Investing in licensed software to ensure effective management of IT risks, access to latest updates and managing compliance with a view to educate and

mandate compliance in reporting with the company.

- ◆ **Operational efficiency:** Streamlining processes such as inventory management and credit management so that integrity is maintained across the value chain through near real time processing.
- ◆ **Customer Convenience:** A Sales Force automation system is in place to ensure customer records and going concern of the distributors are in place which allows access to real time information and enhances customer convenience
- ◆ **Green IT:** Protecting the environment by reducing print through migration to emails/soft copies etc.

IT and Cybersecurity Risk: A framework of robust IT policies, continued investments in state-of-the-art hardware and software, clear demarcation of responsibilities and a highly skilled IT team ensure that IT risks are managed in a proactive and consistent manner. The Group Head of IT holds overall responsibility for implementing the Board IT and cybersecurity strategy and the process of identifying and managing such risks are presented alongside.



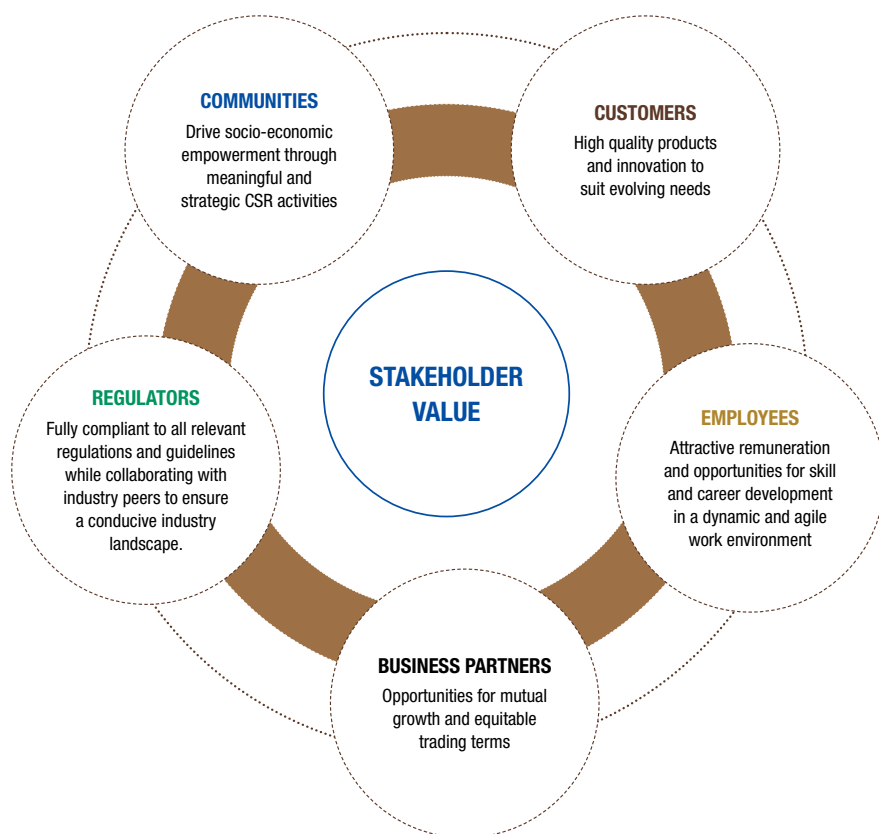
SUSTAINABILITY AND STAKEHOLDER RELATIONSHIPS

Shareholder relationships: We are committed to preserving the rights of our shareholders and adopt an array of measures to ensure that shareholder views are heard and fully considered. With the Group's transformation to a public listed company, measures were taken to strengthen the Investor Relations function.

- ◆ **Annual General Meeting:** The AGM provides shareholders the opportunity to contribute their views and engage with the Board of Directors, including the Chairpersons of Sub-Committees and members of senior management. We encourage shareholder participation at AGMs, thereby fostering a constructive dialog.
- ◆ **Dissemination of information:** The Group provides shareholders with timely information on performance and any other material developments through the corporate website, press release and one-to-one engagement where relevant. Shareholders are able to access information and engage in dialogue which is coordinated through the Company Secretary.
- ◆ **Investor relations:** A dedicated Investor Relations page on the Group's website ensures that shareholders are kept aware of emerging developments

ENGAGEMENT WITH OTHER STAKEHOLDERS

Numerous formal and informal engagement channels enable the Group to understand and proactively respond to the expectations of stakeholders as described on page 41 of this Report. The value propositions we offer to our stakeholders are presented below:



Environmental and Social Responsibility:

As a responsible corporate citizen, we have strived to embed sustainability practices across all aspects of our operations. The Board-approved Sustainability Policy sets out our social and environmental aspirations and the Board is responsible for ensuring the effective implementation of the same. The Group's environmental impacts are continuously identified, monitored and tracked through a comprehensive Environmental Management Framework which is founded on ISO 14001: 2015 and the Responsible Care Certification. We have also sought to evolve our sustainability reporting practices in line with increasing stakeholder interest and best practices in corporate reporting and our Annual Report complies with the Integrated Reporting Framework and the GRI Standards on Sustainability Reporting.

REMUNERATION REVIEW

JAT Holdings' Remuneration Policy aims to attract and retain skilled and high-performing employees who can drive business performance in line with

the Group's strategic objectives. Remuneration is typically linked to both individual and collective KPIs which are in turn aligned to the Group's overall strategy.

The Remuneration Committee is responsible for formulating the remuneration policies and practices of the Group. Non-Executive Director fees are based on the HR and Remuneration Committees's recommendation to the Board. The Committee also conducts periodic surveys to observe market expectations and ensure that remuneration is in line with industry best practice.

No individual Director is involved in determining his own remuneration. The Committee consults the Chairman on proposals relating to the remuneration of the Executive Directors. The remuneration package of the Managing Director is structured based on the corporate and individual performance, ensuring there is strong alignment between the short-term and long-term interests of the Company.

The composition of the Remuneration Committee and activities of the Committee during the year are set out on page 104 of this Report.

APPRAISAL OF CEO

The Appraisal of the CEO follows a transparent and robust process with performance being assessed annually by the Managing Director. The assessment includes a comparison against pre-defined targets and evaluating reasons for non-achievement if any.

COMMITMENT FOR THE FUTURE

JAT remains committed towards conducting all its operations with stakeholder inclusiveness, displaying high levels of integrity, efficiency and fairness. Therefore, the Company will resolutely maintain and improve its standards of good corporate citizenship and governance practices while placing emphasis on stakeholder satisfaction and delivery of sustainable value.

STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON ANNUAL REPORT DISCLOSURE

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Compliance Status	Reference (within the Report)
(i) Names of persons who were Directors of the Entity	Yes	Profiles of Board of Directors
(ii) Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	Management Discussion and Analysis
(iii) The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Yes	Share information
(iv) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Yes	Share Information
(v) A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Yes	Share Information
(vi) Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk, Opportunities and Internal Controls
(vii) Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Sustainability Integration, Stakeholder Engagement and Materiality
(viii) Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Yes	Notes to the Financial Statement
(ix) Number of shares representing the Entity's stated capital	Yes	Share Information
(x) A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Share Information
(xi) Financial ratios and market price information	Yes	Share Information
(xii) Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Notes to the Financial Statements
(xiii) Details of funds raised through a public issue, rights issue and a private placement during the year	Yes	Share Information
(xiv) Information in respect of Employee Share Ownership or Stock Option Schemes	Yes	Share Information
(xv) Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Yes	Corporate Governance Commentary
(xvi) Related Party transactions exceeding 10% of the equity or 5% cent of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	Related Party Transactions Review Committee Report

STATEMENT OF COMPLIANCE UNDER SECTION 7.10 OF THE LISTING RULES OF THE CSE ON CORPORATE GOVERNANCE

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Compliance status	Company's action
7.10 COMPLIANCE		
	Compliance with Corporate Governance Rules	Yes The Group is in compliance with the Corporate Governance Rules and any deviations are explained where applicable
7.10.1 Non-Executive Directors (NED)		
	At least 2 members or 1/3 of the Board, whichever is higher should be NEDs	Yes 7 out of the 9 Board members are NEDs. The Company is conscious of the need to maintain an appropriate mix of skills and experience in the Board and to refresh progressively its composition over time, in line with needs.
7.10.2 Independent Directors		
a.	2 or 1/3 of NEDs, whichever is higher shall be "independent"	Yes 4 out of the 7 NEDs are independent
b.	Each NED to submit a signed and dated declaration of his/her independence or non- independence	Yes Independence of the Directors has been determined in accordance with CSE Listing Rules and the 4 Independent NEDs have submitted signed confirmation of their independence.
7.10.3 Disclosures relating to Directors		
a.	Names of the independent Directors should be disclosed in the Annual Report	Yes The Company's Independent Non-Executive Directors are: Dr. S. Selliah, Devaka Cooray, Hussain Akbarally and Priyanthi Pieris
b.	The Board shall annually determine the independence or otherwise of NEDs.	Yes Based on the declarations received from the Non-Executive Directors the Board has determined that the above 4 Directors are independent.
c.	A brief resume of each Director should be included in the Annual Report including the Director's experience.	Yes Complied. Refer the Board of Directors section of this Annual Report.
d.	Provide a resume of new Directors appointed to the Board along with details	Yes Complied. Refer the Board of Directors section of this Annual Report.
7.10.4 Criteria for defining the Independence of Directors		
	Requirements for meeting the criteria to be an Independent Director	Yes All of the Independent Directors of the Company met the criteria for independency specified in this rule.
7.10.5 Remuneration Committee		
a.1	Remuneration Committee shall comprise of NEDs, a majority of whom will be independent	Yes The Remuneration Committee comprises of 3 Independent Non-Executive Directors and one Non- Executive Director.
a.2	One NED shall be appointed as the Chairman of the Committee by the Board of Directors.	Yes An Independent Non-Executive Director is the Chairman of the Committee.
b.	The Remuneration Committee shall recommend the remuneration of the Executive Directors	Yes The remuneration of the Chairman/Executive Directors are determined as per the remuneration principles of the Group and recommended by the HR and Remuneration Committee.
c.1	Names of Remuneration Committee members	Yes Refer the Board Committees section of this Annual Report.
c.2	Statement of Remuneration Policy	Yes Refer Remuneration Committee Report
c.3	Aggregate remuneration paid to EDs and NEDs.	Yes Aggregate remuneration - Company

Rule		Compliance status	Company's action
7.10.6 Audit Committee			
a.1	The Audit Committee (AC) shall comprise of NEDs, a majority of whom should be independent	Yes	The Audit Committee comprises 3 Independent Non- Executive Directors.
a.2	A Non-Executive Director shall be the Chairman of the Committee	Yes	The Chairman of the Audit Committee is an Independent Non- Executive Director.
a.3	The CEO and CFO should attend AC meetings	Yes	The Chief Executive Officer and Finance Director attended Audit Committee meetings by invitation.
a.4	The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	Yes	The Chairman of the Audit Committee is a member of a professional accounting body
b.	Functions of the AC	Yes	The Audit Committee carries out all the functions stated in the Audit Committee Report section
b.1	Overseeing the preparation, presentation and adequacy of disclosures in the financial statements in accordance with SLFRS/LKAS	Yes	The Audit Committee assists the Board in fulfilling its oversight responsibilities regarding the integrity of the financial statements of the Company and the Group
b.2	Overseeing the compliance with financial reporting requirements, information requirements as per the laws and regulations.	Yes	The Audit Committee has overall responsibility for overseeing the preparation of financial statements in accordance with the laws and regulations of the country and also for recommending to the Board, the adoption of best accounting policies
b.3	Ensuring that the internal controls and risk management are adequate to meet the requirements of the SLFRS/ LKAS.	Yes	The Audit Committee assesses the role and effectiveness of the Group Business Process which is largely responsible for internal controls and risk management
b.4	Make recommendations to the Board pertaining to External Auditors	Yes	The Committee is responsible for appointment, re-appointment, removal of External Auditors and also the approval of remunerations and terms of engagements
c.1	Names of the Audit Committee members shall be disclosed	Yes	Refer the Report of the Audit and Risk Management Committee in this Annual Report
c.2	Audit Committee shall make a determination of the independence of the External Auditors	Yes	Refer the Report of the Audit and Risk Management Committee in this Annual Report
c.3	Report on the manner in which the Audit Committee carried out its functions	Yes	Refer the Report of the Audit and Risk Management Committee in this Annual Report

STATEMENT OF COMPLIANCE UNDER SECTION 9.3.2 OF THE LISTING RULES OF THE CSE ON CORPORATE GOVERNANCE

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule		Compliance Status	Reference (within the Report)
(a)	Details pertaining to Non-Recurrent Related Party Transactions	Yes	Notes to the Financial Statements
(b)	Details pertaining to Recurrent Related Party Transactions	Yes	Notes to the Financial Statements
(c)	Report of the Related Party Transactions Review Committee	Yes	Refer Report of the Related Party Transactions Review Committee.
(d)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to RPT, or a negative state-ment otherwise	Yes	Annual Report of the Board of Directors

STATEMENT OF COMPLIANCE PERTAINING TO COMPANIES ACT NO. 7 OF 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule		Compliance Status	Reference (within the Report)
168 (1) (a)	The nature of the business together with any change thereof	Yes	Group Directory
168 (1) (b)	Signed financial statements of the Group and the Company	Yes	Financial Statements
168 (1) (c)	Auditors' Report on financial statements	Yes	Independent Auditors' Report
168 (1) (d)	Accounting policies and any changes therein	Yes	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements
168 (1) (g)	Corporate donations made by the Company	Yes	Notes to the Financial Statements
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Group Directory
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Report of the Audit Committee / Financial Statements
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements / Annual Report of the Board of Directors

Statement of Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2017

VOLUNTARY PROVISIONS

Code Ref.	Requirement	Complied	Reference within the Report
A.1	An effective Board should direct, lead and control the company	Yes	Board composition Governance Structure
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Yes	Meetings Attendance
A.1.2	Role and Responsibilities of the Board	Yes	Roles and responsibilities of the Board
A.1.3	Act in accordance with laws of the Country	Yes	Compliance
	Independent professional advice		Informed Decision Making
A.1.4	Access to advice and services of the Company Secretary	Yes	Clear Roles and Responsibilities - Company Secretary
A.1.5	Independent judgement	Yes	Access to Information
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Yes	Appointment/Re-election and Resignation of Directors
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Yes	Board Meetings
A.1.8	Board induction and Training	Yes	Directors' induction and development
A.2	Chairman and CEO	Yes	Division of Responsibility between the Chairman and CEO
A.3	Chairman's role in preserving good corporate governance	Yes	Division of Responsibility between the Chairman and CEO
A.4	Availability of financial acumen	Yes	Board Composition
A.5	Board balance	Yes	Board Composition Independent judgement Board meetings
A.5.1	The Board should include sufficient number of NEDs	Yes	Board Composition
A.5.2	If the Board includes only 3 NEDs, they should be independent	N/A	
A.5.3	Independence of Directors	Yes	Directors' independence
A.5.4	Annual declaration of independence by Directors	Yes	Directors' independence
A.5.5	Annual determination of independence of NEDs	Yes	Directors' independence
A.5.6	Alternate Directors	N/A	
A.5.7 and A.5.8	Senior Independent Director (SID)	No	
A.5.9	Annual meeting with NEDs	Yes	Meeting of the Non-Executive Directors
A.5.10	Recording of dissent in minutes	Yes	Board Meetings
A.6	Supply of Information	Yes	Supply of Information
A.7	Appointments to the Board and Re-election	Yes	Appointment/Re-election and Resignation of Directors
A.7.1	Establishing a Nomination Committee, Chairman and Terms of Reference	No	
A.7.2	Annual assessment of Board composition	Yes	Appointment/Re-election and Resignation of Directors
A.7.3	Disclosures on appointment of new Directors	Yes	Appointment/Re-election and Resignation of Directors
A.8	Directors to submit themselves for re-election	Yes	The Directors are subject to re-election on the basis of longest in office as provided in Articles of Association
A.9	Appraisal of Board and Sub-Committee Performances	No	
A.10	Annual Report to disclose specified information re-garding Directors	Yes	Board Profiles

Code Ref.	Requirement	Complied	Reference within the Report
A.11	Appraisal of the CEO	Yes	Evaluating the Performance of the Group CEO
B. Directors Remuneration			
B.1	Establish process for developing policy on executive and director remuneration		Remuneration Policy
B.2	Level and Make Up of Remuneration	Yes	Remuneration Policy
B.3	Disclosures related to remuneration in Annual Re-port	Yes	Human resources and Remuneration Committee Report
C. Relations with Shareholders			
C.1	Constructive use of the AGM and Other General Meet-ings	Yes	Annual Report of the Directors on the Affairs of the Com-pany and the Group - Annual General Meeting (AGM)
C.2	Communication with shareholders	Yes	Annual Report of the Directors on the Affairs of the Com-pany and the Group - Shareholder Relations Company Secretary
C.3	Disclosure of major and material transactions	Yes	There were no major or material transactions during the year, which materially affected the net asset base of Compa-ny.
D. Accountability			
D. 1	Present a balanced and understandable as-sessment of the Company's financial posi-tion, performance, and prospects	Yes	Financial and Business Reporting
D1.1	Balanced Annual Report	Yes	Financial and Business Reporting
D.1.2	Balanced and understandable communication	Yes	Financial and Business Reporting
D.1.3	CEO/CFO declaration	Yes	Chief Executive Officer's and Chief Financial Officer's Re-sponsibility Statement
D.1.4	Directors Report declarations	Yes	Annual report of the Board of Directors on the Affairs of the Company
D.1.5	Financial reporting -statement on board re-sponsibilities	Yes	Directors' Responsibility for Financial Reporting Directors' Statement on Internal Control
D.1.6	Management Discussion and Analysis	Yes	Capital reports
D.1.7	Net Assets < 50%	Yes	In the unlikely event of the net assets of the company falling below 50% of Shareholders Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the share-holders of the position and to explain the remedial action be-ing taken.
D.1.8	Related Party Transactions	Yes	Other Business Interests
D.2	Process of risk management and a sound system of internal control to safeguard shareholders' invest-ments and the Company's assets	Yes	Risk Management and Internal control Report of the Audit Committee Directors' Statement of Internal Control Risk Review
D.3	Audit Committee	Yes	Group Audit Committee Report
D.4	Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee report
D.4.1	Definition of a Related Party and Related Party Transac-tions	Yes	Notes to the Financial Statements
D.4.2	The RPTR Committee should comprise exclusively of Non-Executive Directors with a minimum of three. Majority should be independent. The Chairman of the Committee should be an Independent Non-Executive Director.	Yes	The Committee comprises of 3 Non-Executive Independent Directors. One Independent Non-Executive Director acts as the Chairman of the Committee.

Code Ref.	Requirement	Complied	Reference within the Report
D.4.3	The RPTR Committee to have written terms of reference covering the salient aspects as stipulated in the section	Yes	The RPTR Committee has written terms of reference outlining the Scope.
D.5	Code of Business Conduct and Ethics	Yes	Code of Conduct and Ethics
D.6	Corporate Governance Disclosures	Yes	Corporate Governance Report
E/F	Institutional and other investors		
	Institutional and other investors	Yes	Relations with Shareholders Annual General Meeting
G	Internet of Things and Cybersecurity		
G.1	Identify connectivity and related cyber risks	Yes	Technology and security
G.2	Appoint a CISO and allocate budget to implement cybersecurity policy	Yes	Technology and security
G.3	Include cyber security on Board agenda	Yes	Technology and security
G.4	Obtain periodic assurance to review effectiveness of cybersecurity risk management	Yes	Technology and security
G.5	Disclosures in Annual Report	Yes	Technology and security
H	Principals of Sustainability Reporting		
H.1	ESG reporting	Yes	Information required by the Code is given in the following sections of the Annual Report 1. Strategy and value creation 2. Opportunities and risks 3. Operational review 4. Corporate Governance

RISK MANAGEMENT

As a Group engaged in multiple business lines across several markets, JAT is exposed to numerous risks arising from the internal and external landscapes. The Group has an organisation-wide, holistic risk management framework in place with structures and tools to effectively identify, manage and mitigate risks in a consistent manner. The risk landscape shifted dramatically during the year, reflecting pandemic-led disruptions and macroeconomic vulnerabilities, which in turn necessitated a strengthening of our risk management processes.

RISK GOVERNANCE

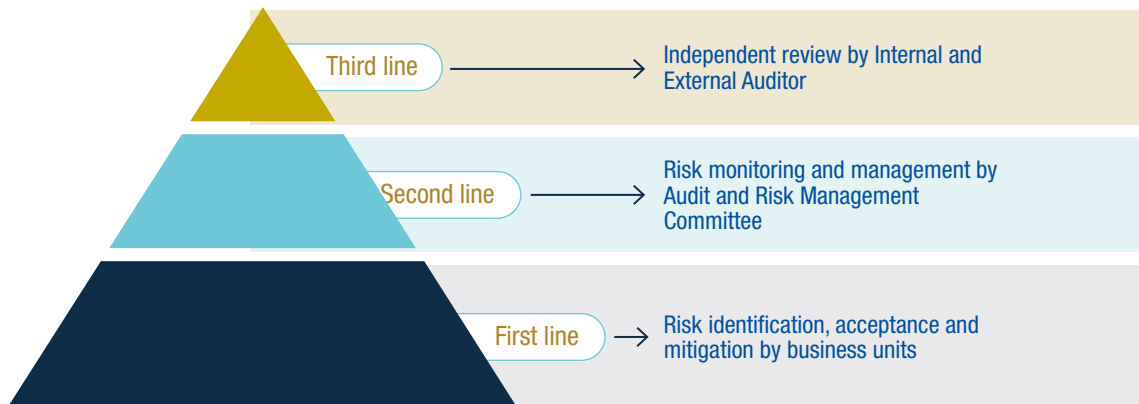
The apex responsibility for managing the Group's risk exposures lie with the Board of Directors. The dedicated Risk Management Committee and Audit Committee assist the Board in the discharge of its risk-related duties. The Committee engages closely with the corporate management and other employees in ensuring that risk exposures are managed within acceptable limits (Please refer to page 102 for the Risk Management Committee Report). Risk Management is also underpinned

by the Group's robust policy framework, including the IT and Cyber Risk Management, Business Risk, Non-Business Risk and Financial Risk Policy.

changes, macro-economic vulnerabilities, supply chain disruptions, foreign exchange shortage and inflation among others. These factors are described in further detail on page 40 of this Report.

RISK DRIVERS

Rapid changes in the operating environment have led to an ever-evolving risk landscape, which has increased the complexity and the importance of risk management for organisations. Key factors shaping the Group's risk landscape during the year included regulatory developments, technology



PRINCIPLES OF RISK MANAGEMENT

Risk management is an organisation-wide discipline at JAT, with all business functions engaged in the proactive identification and measurement of risks across operations as well

as supply and distribution chains. Based on the Three Lines of Defence model, the framework enables segregation of responsibilities, risk-conscious culture and continued oversight by the Board.

RISK MANAGEMENT PROCESS

Risk management is an organisation-wide discipline, with the engagement of all employees across all operations and functions. The Group's risk management process is set out below:



Risk Assessment Criteria

		Impact/Consequence					Risk CAT	Focus
Likelihood Occurrence/Frequency		1	2	3	4	5		
	5	Moderate	Moderate	High	Significant	Significant	Significant	Immediate action required
	4	Low	Moderate	High	High	Significant	High	Near-term attention and action required
	3	Low	Moderate	Moderate	High	High	Moderate	Action required to control the risk
	2	Low	Low	Moderate	Moderate	Moderate	Low	Action required agreed-in-time / No action required
	1	Low	Low	Low	Low	Moderate	Low	

PRINCIPAL RISKS 2021/22

Unprecedented challenges stemming from the domestic and global operating environment resulted in dramatic shifts in the Group's risk landscape. Key risk exposures during the year, potential implications on the Group and risk mitigation strategies are summarised in the table below:

Risk & Risk Rating	Factors impacting risk rating	Mitigation Strategies	Further information						
Sri Lanka's weak external position									
The severe shortage in Sri Lanka's foreign currency reserves and resultant challenges in opening letters of credit to facilitate imports led to persistent difficulties in procuring raw material. Furthermore, the Rupee recorded sharp depreciation in the last month of the financial year, with the regulator allowing market forces to determine the exchange rate. Resultantly the cost of input materiel has surged over the past few weeks. <table><tr><th colspan="2">Risk rating</th></tr><tr><td>2021/22</td><td>High</td></tr><tr><td>2020/21</td><td>-</td></tr></table>	Risk rating		2021/22	High	2020/21	-	- Exchange rate movements - Foreign currency reserve position - Regulations pertaining to imports - Sri Lanka's ability to obtain bridge financing	- Leveraged relationships with principals, suppliers to facilitate imports - Value engineering to explore alternative raw materials - Proactive demand planning and sharing demand forecasts with suppliers for better visibility - Proactive mechanisms to identify increased costs implement alternative options	Operating environment
Risk rating									
2021/22	High								
2020/21	-								
Severity and duration of the COVID-19 pandemic									
Sri Lank experienced the second wave of the COVID-19 pandemic in 2021, resulting in lockdowns and restriction movements for around 3 months during the year. This led to disruptions to supply chains and distribution channels while adversely impacting activity in the construction sector <table><tr><th colspan="2">Risk rating</th></tr><tr><td>2021/22</td><td>High</td></tr><tr><td>2020/21</td><td>High</td></tr></table>	Risk rating		2021/22	High	2020/21	High	- Success of the vaccination roll-out - Government policy on restrictions and lockdowns - Evolution of the virus	- Stringent health and safety protocols followed across the organisation - Implementation of a COVID-19 response plan - Diversification of product portfolio with the JAT Care range - Increased focus on digital channels and platforms to ensure continuity of operations - Geographical diversification through presence in other markets	Operating environment
Risk rating									
2021/22	High								
2020/21	High								

Risk & Risk Rating		Factors impacting risk rating	Mitigation Strategies	Further information						
Inflationary pressures										
Sri Lanka's inflation levels have rapidly escalated reflecting the sharp depreciation of the exchange rate, increase in global commodity prices and disruptions to supply chains. This is likely to impact demand for construction activities in the short-term as consumers focus on satisfying essential needs. <table><tr><td colspan="2">Risk rating</td></tr><tr><td>2021/22</td><td>High</td></tr><tr><td>2020/21</td><td>-</td></tr></table>		Risk rating		2021/22	High	2020/21	-	• Inflation levels • Depreciation of the exchange rate • Consumer sentiments • Disposable income	• Consistently monitoring developments in the macro-economic environment • Pursue opportunities in the value for money segment through product innovation • Targeted marketing and promotion to drive demand in selected segments • Proactive cost increase identification an alternative plan implemented.	Operating environment
Risk rating										
2021/22	High									
2020/21	-									
Supply chain disruptions										
Pandemic-led disruptions had significant impacts on the Group's supply chains during the year, with impacts felt across the raw material and packaging material supply chain. This led to considerable cost increases, which could not immediately be passed on to customers given the economic conditions that prevailed <table><tr><td colspan="2">Risk rating</td></tr><tr><td>2021/22</td><td>High</td></tr><tr><td>2020/21</td><td>Moderate</td></tr></table>		Risk rating		2021/22	High	2020/21	Moderate	• Evolution of the pandemic • Commercial sustainability of supplier and distributor networks	• Increased buffer stocks of raw materials to ensure uninterrupted production • Sourcing of alternative raw materials	Operating environment
Risk rating										
2021/22	High									
2020/21	Moderate									
Principal Relationships										
Maintaining strong principal relationships is critical to retaining our competitive edge, as it determines the quality of products we offer to our customers. The strength of these relationships played a critical role in ensuring the continuity of our operations during the year, with our key partnering continuing to support us despite the country's weak foreign exchange position. <table><tr><td colspan="2">Risk rating</td></tr><tr><td>2021/22</td><td>Low</td></tr><tr><td>2020/21</td><td>Low</td></tr></table>		Risk rating		2021/22	Low	2020/21	Low	• Sales volumes generated • Level of engagement with principals • Product diversification aspirations	• Proactive engagement with principals in sharing market insights and transfer of knowledge • Diversification of risks with persistent efforts to widen our relationships through the addition of new principals	Social and Relationship capital
Risk rating										
2021/22	Low									
2020/21	Low									

Risk & Risk Rating	Factors impacting risk rating	Mitigation Strategies	Further information						
Employee health and safety									
The outbreak of the pandemic has led to unprecedented escalation of health and safety risks as cross infection could impact continuity of operations, employee morale and reputation. <table><tr><td colspan="2">Risk rating</td></tr><tr><td>2021/22</td><td>High</td></tr><tr><td>2020/21</td><td>High</td></tr></table>	Risk rating		2021/22	High	2020/21	High	- Evolution of the pandemic in the country, and emergence of new variants - Stringency of health and safety regulations in place and adherence to these guidelines - Success of the vaccination roll-out program	- Stringent health and safety protocols across the organisation - Facilitated work from home access - Ongoing employee awareness on critical importance of hygiene	Human Capital
Risk rating									
2021/22	High								
2020/21	High								
People related risks									
Relates to shortage of skilled labour, challenges in attracting and retaining employees and maintaining staff morale. <table><tr><td colspan="2">Risk rating</td></tr><tr><td>2021/22</td><td>Low</td></tr><tr><td>2020/21</td><td>Low</td></tr></table>	Risk rating		2021/22	Low	2020/21	Low	- Employee value proposition offered including attractiveness of rewards, opportunities for training and development, career progression and work environment - Group's employer brand	- Attractive reward and remuneration schemes - Ongoing investment in training and development programs and opportunities for career progression - Robust performance management framework which rewards high-performing employees - Employer branding strategies to enhance position as an employer of choice. - Conducive organisational culture	Human Capital
Risk rating									
2021/22	Low								
2020/21	Low								
Product Risk									
Manufacture and distribution of products that are of poor quality can significantly impact customer satisfaction and affect our competitive edge <table><tr><td colspan="2">Risk rating</td></tr><tr><td>2021/22</td><td>Low</td></tr><tr><td>2020/21</td><td>Low</td></tr></table>	Risk rating		2021/22	Low	2020/21	Low	- Relationships with principals - Adherence to quality assurance standards - The Group's research and development infrastructure and capabilities	- Maintained strong relationships with principals facilitating transfer of knowledge and access to state-of-the-art products - Increased focus on research and development - Strict quality assurance processes - Maintained a portfolio of good quality products supported by strong principals	Intellectual capital
Risk rating									
2021/22	Low								
2020/21	Low								
Credit and liquidity risk									
Delays in payment or non-payment by customers can lead to liquidity issues and affect the Group's financial performance and stability <table><tr><td colspan="2">Risk rating</td></tr><tr><td>2021/22</td><td>High</td></tr><tr><td>2020/21</td><td>High</td></tr></table>	Risk rating		2021/22	High	2020/21	High	- Business activity and volume growth - Level of engagement with customers/dealers - Credit management policies and standards	- Stringent credit control policies with periodic evaluation of customer repayment - Obtaining security via bank guarantees and debt collection policies - Careful selection of customers in extending credit - Strong liquidity levels including contingency lines with banks	Operating environment
Risk rating									
2021/22	High								
2020/21	High								

Risk & Risk Rating		Factors impacting risk rating	Mitigation Strategies	Further information
Reputational Risks				
Reputational risks can arise from non-compliance to regulations in labour practices, environmental compliance as well as implications through product quality, business and employee conduct and relationships with external stakeholders.		- Corporate Governance and Business Conduct - Compliance framework and practices - Organisational culture	- Ongoing evaluation of compliance level by Audit and Risk Management Committee - A compliance culture - Strong brand building initiatives - Strong sustainability practices with ongoing efforts to minimise negative environmental impacts	Corporate Governance
Risk rating				
2021/22	Low			
2020/21	Low			

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors have pleasure in presenting the Annual Report of the Company which covers the Audited Financial Statements, Chairmans Message, Corporate Governance, Management Discussion and Analysis and all other relevant information for the period ended 31st March 2022. Disclosures which appear in the share information section form part of the Annual Report of the Board of Directors as it is a requirement of the Companies Act No. 07 of 2007.

IMPACT OF MACRO ECONOMIC DEVELOPMENTS

Information on future developments and assessment to closest possible reality considering the COVID-19 pandemic and the Financial Crisis in Sri Lanka, is contained in the Chairman's Message and the Managing Director's Review sections of this Annual Report.

REVIEW OF OPERATIONS DURING THE YEAR

Chairman's Message, (pages 16 to 17), the Managing Director's Review, (pages 18 to 20) CEO's message and Management Discussion and Analysis (pages 21 to 24), describe the Company's affairs and the Group's business and mention important events that occurred during the year in this Report.

CHANGE OF OWNERSHIP & SHAREHOLDING

Current ownership held is displayed in page numbers 170 of this report.

PRINCIPAL ACTIVITIES

The Company/Group is engaged in manufacturing and trading of furnishing and finishing solutions to the local and export markets.

JAT is the largest distributor in the world for Sayerlack, which is the wood coating brand of The Sherwin-Williams Company.

JAT represents the ever-growing portfolio of brands such as SEA Bauformat, Harris Brushes, Borma Wachs – wood cosmetics, Herman Miller ergonomic office furniture, Horous – office furniture, Dasso – bamboo flooring along with a range of its own brands for key product categories including WHITE by JAT – brilliant white paint, Brush Master – brushes for wood coating, Masters – wood coatings, J Chem – solvent-based paints and Euro Metallic – metal ceilings.

CORPORATE VISION AND VALUES

The employees of the group are accustomed to practice a set of values contained on page 3 of the report, in order to achieve the vision of the company of being the brand of choice to the finishing living and furnishing industries in the South Asian Region.

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on page 111 in this Annual Report.

FINANCIAL STATEMENTS

The Financial Statements of the Company and Group for the year ended 31st March 2022 which have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS), with the inclusion of the Chairman, Managing Director and Finance Director, are given as part of this Annual Report.

THE FINANCIAL STATEMENTS COMPRISE OF:

- ◆ Statement of Profit or Loss and Other Comprehensive Income which provides a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year
- ◆ Statement of Financial Position which presents a true and fair view of the state of affairs of the company and its subsidiaries as at the end of the financial year

- ◆ A Statement of Changes in Equity which presents a true and fair view of the changes in the Company and its subsidiaries retained earnings for the financial year
- ◆ A Statement of Cash Flow that presents a true and fair view of the flow of cash of the business for the financial year

The Directors accept the responsibility for the integrity and objectivity of the financial statements presented. The Directors confirm that the financial statements have been prepared.

1. Using appropriate accounting policies which are applied in a consistent manner disclosing and explaining material departures therefrom, if any
2. Presented in accordance with SLFRSs and LKASs
3. Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected and,
4. Provides the information required by and otherwise comply with the Companies Act

The responsibility of the auditors in relation to the financial statements prepared in accordance with provisions of the companies Act No. 7 of 2007, is set out in the report of the auditors.

Group	FY2022 Rs.	FY2021 Rs.
Revenue	8,896,808,118	5,359,510,190
Gross profit	2,603,408,041	1,644,296,834
Total overheads	(1,484,225,529)	(1,012,027,553)
Other Income	66,948,815	52,597,141
Net Finance Income/(Cost)	71,756,398	(40,374,552)
Income Tax Expenses	(47,331,041)	(44,054,405)
Net profit	1,210,556,684	600,437,463

Financial results of the Company/Group are included in pages 114 to 118. These reports together with the Audited Financial Statements reflect the state of affairs of the Company/Group.

DISCLOSURES TO ACCOUNTS

Disclosures made by the company are stated in pages numbers 119 to 168 in this report.

FINANCIAL RESULTS & APPROPRIATIONS

ACCOUNTING POLICIES

The accounting policies adopted in preparation of the Financial Statements are provided in detail in the Notes to the Financial Statements on pages 120 to 133. There has been no changes in the accounting policies adopted by the Group

during the year under review. The Group prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) which have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

REVENUE

Revenue generated by the Company amounted to Rs. 6,660,847,225/- (2021 – Rs. 4,512,726,994/-) while the Group revenue accounted to Rs. 8,896,808,118/- (2021 – Rs. 5,359,510,190/-). Contribution to group revenue from the different business segments, is contained in note 22.1 to the Financial Statements.

DIVIDENDS

In terms of Article 38 an Interim Dividend of Rs. 0.32 per share was paid on 09th December 2021 and a 2nd Interim Dividend of Rs. 0.25 per share was paid on 14th February 2022 for the financial year 2020/21.

The Board of Directors obtained a Certificate of Solvency from the Auditors prior to the date of dispatch of all dividend payments made in accordance with Section 57 of the Companies Act No. 07 of 2007.

The Company maintains a policy of declaring a minimum of 40% dividend.

RESERVES

Group reserves and retained earnings as at 31st March 2022 amounted to Rs. 5,359,718,003/- vs. Rs. 4,426,164,790/- as at 31st March 2021. The break-up and movement are shown in the Statement of Changes in Equity in the Financial Statements.

STATED CAPITAL

Stated Capital as at 31st March 2022 for the company amounted to Rs. 2,395,221,320/- (2021 – Rs. 918,770,013/-). The movement and composition of the stated capital is disclosed in the Changes to Equity and in Note 17 to the Financial Statements.

SHARE INFORMATION

The distribution and composition of shareholders and the information relating to earnings, dividends, net assets, market value per share and share trading is given in the share information section of the Annual Report. As additional disclosures the Company's Board of Directors shareholdings, options available under the Employee Share Option (ESOP) as of 31st March 2022, market capitalization, public holding percentage and number of public shareholders are given in the share information section of the Annual Report.

MAJOR SHAREHOLDERS

Details of the Company's twenty largest shareholders and the percentages held by each of them are disclosed in the Share Information section of the Annual Report.

Group	FY2022 Rs.	FY2021 Rs.
Group Profit Before Tax for the twelve months ended 31 March after deducting all expenses, providing for known liabilities and depreciation	1,257,887,725	644,491,868
Income Tax Expense	(47,331,041)	(44,054,405)
Non-controlling Interest	4,658,602	(1,769,217)
Profit for the Period	1,215,215,286	598,668,246
Total Other Comprehensive Income/(Loss)	1,754,702	(460,163)
Balance Brought Forward from the Previous Year	4,451,031,491	4,073,144,201
Final Dividend for the Period 2020/2021	(113,648,268)	(63,188,437)
Interim Dividend for the Period 2021/2022	(290,932,431)	(100,010,476)
Distribution on buy back of Ordinary shares	-	(57,121,880)
Total Available for Appropriation	5,263,420,779	4,451,031,491
Transfer to Reserve Fund		
Total Appropriation		-
Balance on Group basis to be carried forward	5,263,420,779	4,451,031,491
Balance on Company basis to be carried forward	4,966,747,147	4,372,129,973

PROPERTY, PLANT AND EQUIPMENT

During the period under review, the Company and the Group invested a sum of Rs. 262,705,761/- (2021 – Rs. 177,547,058/-) and Rs. 264,420,962/- (2021 – Rs. 178,091,747/-) in Property, Plant and Equipment

Details of Property, Plant and Equipment and Intangible Assets and their movements are given in Notes 6 and 8 to the Financial Statements respectively. Details of freehold land and buildings are given in Note 6.3 to the Financial Statements.

MARKET VALUE OF PROPERTIES

The freehold property of the Company/Group is revalued by an Independent Qualified Valuer when there is a substantial difference between the fair value and the carrying amount of the freehold property. Company/Group reviews its assets once in each reporting date.

DIRECTORS' RESPONSIBILITIES

The Statement of the Directors' Responsibilities is given on page 109 of this report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

EQUITABLE TREATMENT OF SHAREHOLDERS

The Company has at all times ensured that all shareholders are treated equitably.

BOARD OF DIRECTORS

The Board comprises 9 Directors; 2 Executive Directors, 7 Non-Executive Directors to maintain the Board balance.

Three out of the nine Directors on the Board is represented by Females which accounts to a 33% composition.

Names of Directors who served during the year are given on pages 25 and 26 of this report, under the caption Board of Directors.

RETIREMENT, APPOINTMENT AND RE-ELECTION OF DIRECTORS

In terms of Article 88 (i), Mr. Richard Winston Gunawardene – Director and Mrs. Anika Niranjalie Williamson – Director retires by rotation and offers themselves for re-election at the Annual General Meeting.

Mr. Girish Ramangowda Patil – Director resigned from the Board with effect from 06th August 2021 and Mr. Nishal Ferdinando, Director/CEO was appointed to the Board with effect from 26th October 2021.

BOARD COMMITTEES

AUDIT & RISK MANAGEMENT COMMITTEE

Following are the names of the Directors comprising the Audit Committee of the Board.

- Devaka Cooray – Chairman/Independent Non-Executive Director, a member of the Institute of Chartered Accountants of Sri Lanka
- Dr. Sivakumar Selliah – Member/Independent Non-Executive Director
- Hussain Akbarally – Member/Independent Non-Executive Director

The Report of the Audit and Risk Management Committee on page 102 sets out the manner of compliance by the Company on internal Control and Risk management systems.

HR AND REMUNERATION COMMITTEE

Following are the names of the Directors comprising the HR and Remuneration Committee.

- Dr. Sivakumar Selliah – Chairman/Independent Non-Executive Director
- Priyanthi Pieris – Member/Independent Non-Executive Director
- Hussain Akbarally – Member/Independent Non-Executive Director

The Report of the HR and Remuneration Committee on page 104 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to Executive and Non-executive Directors during the period under review are given in note 14.6 to the financial statements on page 146.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Following are the names of the Directors comprising the Board Related Party Transactions Review Committee:

- Dr. Sivakumar Selliah – Chairman/Independent Non-Executive Director
- Devaka Cooray – Member/Independent Non-Executive Director
- Hussain Akbarally – Member/Independent Non-Executive Director

The Board of Directors formed the Board Related Party Transactions Review Committee to assist the Board in reviewing all related party transactions in accordance with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange.

The Report of the Board Related Party Transactions Review Committee on page 105 sets out the manner of compliance by the Company.

INVESTMENTS COMMITTEE

Following are the names of the Directors comprising the Board Investment Committee:

- Devaka Cooray – Chairman/Independent Non-Executive Director

- Hussain Akbarally – Chairman/Independent Non-Executive Director
- Anika Williamson – Member/Non-Independent Non-Executive Director

INTERESTS REGISTER AND INTERESTS IN CONTRACTS

The Company has maintained an Interests Register as required under the Companies Act No. 7 of 2007.

The directors have all made general disclosures relating to share dealings and indemnities and remuneration to the Board of Directors as permitted by Section 192 (2) of the Companies Act No. 7 of 2007 and no additional interests have been disclosed by any Director. The interest register is available at the Registered head office of the Company, in keeping with the requirements of the section 119 (1) (d) of the Companies Act No. 7 of 2007.

SHAREHOLDING

Shareholding of the group is stated in page 169 to 170 of this report.

DIRECTORS' REMUNERATION

Executive Directors remuneration is structured within an established framework by the Board's Remuneration Committee to whom this task has been entrusted. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration of the Executive Directors for the reporting period ended 31st March 2022 is given in note 14.6 to the financial statements on page 146 of this report.

The total fees of Non-executive Directors for the reporting period ended 31st March 2022 is given in Note 14.6 to the financial statements on page 146 of this report. This includes the board fees, attendance fees and subcommittee fees paid to non-executive directors.

RELATED PARTY TRANSACTIONS

The Directors declare that during the year under review there were no related party transactions which required shareholder approval or non-recurrent related party transactions which required immediate market disclosures in accordance with Section 9 of the Listing Rules of the CSE.

EMPLOYMENT SHARE OPTION PLAN (ESOP)

During the year, the Company implemented an Employee Share Option Plan (ESOP) to retain and motivate talented and critical employees for the business; motivate employees to align their self-interests with the best interests of the Company; reward employee performance with ownership in proportion to their contribution; and align individual performance of employees with the Company's objectives.

A total of 13,851,851 shares were allocated for the ESOP where the Exercise Price shall be the price at which the Company made its Initial Public Offering on the Colombo Stock Exchange which is Rs. 27/-.

Participants shall be required to exercise their Options within a window of twelve (12) months immediately after the expiry of three (03) years after the Options are granted.

EMPLOYMENT

The Group practices equality in opportunity for all employees irrespective of ethnicity, religion, gender, marital status or political opinion.

During the year the group initiated the recruitment of several local and foreign employees ensuring the best out of the best are selected.

Employee ownership of the company is facilitated through the employee share option plan.

The details of the Groups Human resource initiatives are specified on page 52 of this report.

The number of persons employed by the company and group are as at March 31st 2022 was 350 and 386 respectively.

There has been no material issues pertaining to employees and industrial relations of the company and the Group.

SUPPLIER POLICY

The Group applies a clear supplier policy where supplier registrations are made subsequent to negotiating and agreeing the payment and delivery terms. Supplier selections are solely based on quality and price decided on calling upon several quotations.

Purchases pertaining to distributorships and agencies are executed based on the agreements signed with the suppliers.

CORPORATE GOVERNANCE

The Company has complied with Corporate Governance rules laid down by The Institute of Chartered Accountants of Sri Lanka. The Corporate Governance Section on pages 76 to 90 describes the good Corporate Governance Principles adopted by the Company.

The company has complied with section 7.10 of the Listing rules of the Colombo Stock Exchange (CSE).

SUSTAINABILITY

The Group follows a stakeholder governance model to achieve its objectives. The Group has been able to focus on material issues such as natural resource conservation and the environment, as well as material issues raised by other stakeholders such as employees, customers, suppliers, and the community, owing to the findings of ongoing internal stakeholder engagements. These phases have been contained in a Group-wide sustainable development strategy that is constantly evolving based on the stakeholder engagements indicated above.

This Integrated Annual Report, which includes a comprehensive discussion of the Group's financial and non-financial performance in order to provide stakeholders with holistic information about the Group's value creation proposition through the six forms of capital reported under the International Financial Reporting Standards.

RESEARCH AND DEVELOPMENT

The Group has given immense importance to R&D from the inception of the company with added emphasis focussed this year with the setup of a state of the art R&D complex utilising advanced testing equipment and service of experienced professional chemists both locally and internationally while collaborating with international laboratories and suppliers. Upon setting up this new facility, all R&D initiatives within JAT Group will be centralised and carried out efficiently through this new facility. The new R&D facility would enable collaboration with suppliers' R&D facilities to improve the JAT wood coating product range as well as enhance quality and offer tailor made

product solutions to new market segments. This modern facility would enable JAT to reach new heights and become a leading player in the South Asian region, whilst reinforcing its competitive edge in its core business by spearheading innovation in wood coating, decorative paint and other specialised coatings segments.

ENVIRONMENTAL PROTECTION

The Group complies with the relevant environmental laws, regulations and endeavours to comply with best practices at all times.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group has a separate division which spearheads all CSR activities for each entity.

DONATIONS

The total donations made by the Company amounted to Rs. 1,262,129/- during the year.

COMMITMENTS AND CONTINGENCIES

Commitments and Contingent Liabilities of the Group are disclosed in the Note 31 to the Financial Statements.

EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the Reporting date, which would require adjustment or disclosure except for the details given in Note 32 to the Financial Statements on page 161.

STATUTORY PAYMENTS

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 109.

STATUS CHANGE OF THE COMPANY AND CHANGE OF ARTICLES OF ASSOCIATION

The Status of the Company was changed from JAT Holdings Limited to JAT Holdings PLC on 18th August 2021.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Company Name	Directors
Brush Master (Pvt) Ltd	Aelian Gunawardene
	Joycelyn Gunawardene
	Kalidas Nadar Prem Sagar
	Kalidas Prabhu Darshan
Worldwide Resins & Chemicals (Private) Limited	S. Sivasubramaniam
	Mangala Attanayake
	Richard Gunawardene
JAT Exports (Pvt) Ltd	Aelian Gunawardene
	Richard Gunawardene
JAT Exports DMCC	Anika Williamson
JAT Global Private Limited	Anika Williamson
Asia Coatings (Pvt) Ltd	Richard Gunawardene
	Anika Williamson

RISK MANAGEMENT

Risk identification is an ongoing process which involves engagement with stakeholders and persistent monitoring of the business environment. Risk considerations also form a key input in determining strategy and formulating budgets. The responsibility for managing the Group's risk exposures lie with the Board of Directors who are assisted by the Audit and Risk Management Committee. The report on Risk management is included in page 102 of this report.

IMPACT OF MACRO ECONOMIC FACTORS IMPLICATION TO GROUPS PERFORMANCE.

The year under review has been quite challenging with business being affected due to macro-economic conditions; both in Quarter 1 and Quarter 4 due to the COVID-19 Global pandemic and economic uncertainties prevalent in the country, however the management was proactive on all occasions and was able to counter act the effects and ensured continued operations.

However, the higher interest rates and the devaluation of currency which continued throughout Q4 was a concern and is a factor of concern in the foreseeable future too.

DECLARATION - COMPLIANCE WITH RULE 9 OF THE LISTING RULES

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2022.

RELATED PARTY TRANSACTIONS/ DISCLOSURES DURING THE YEAR

Presented below are the recurrent and non-recurrent related party transactions which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2.

NON-RECURRENT RELATED PARTY TRANSACTIONS – DISCLOSURE IN TERMS OF RULE 9.3.2(A) OF THE LISTING RULES

There were not any non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Group as per 31st March 2021 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Section 9.3.2(a) of the Listing Rules of the Colombo Stock Exchange.

RECURRENT RELATED PARTY TRANSACTIONS – DISCLOSURE IN TERMS OF RULE 9.3.2(B) OF THE LISTING RULES

There were not any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2021 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Section 9.3.2(b) of the Listing Rules of the Colombo Stock Exchange.

FUTURISTIC OUTLOOK

The company's main focus next financial year is to increase market share in all its core products in a somewhat saturated mkt by focusing on product development and expand to new markets overseas.

The company is looking at enhancing the present R&D facility to that of a leading R&D facility in South Asia, to introduce tailor made products for different markets, in order to have a sustained competitive edge in our core business in terms of reduction of costs, increase of quality and accessibility to new markets in terms of spearheading innovation.

The company is also looking at expanding its presence in the Bangladesh Market with the setting up of the manufacturing plant in Dhaka Bangladesh in order to reduce cost via backward vertical integration whereby increasing market share and increasing geographical accessibility.

GOING CONCERN

The Board of Directors and the Management has formed judgement that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

DIRECTORS' DECLARATIONS

The Directors declare that having considered all information and explanations made available to them that –

- (a) the Company complied with all applicable laws and regulations in conducting its business;

- (b) they have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;
- (c) the Company has made all endeavours to ensure the equitable treatment of shareholders;
- (d) the business is a going concern with supporting assumptions or qualifications as necessary; and
- (e) they have conducted a review of internal controls covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.

The Corporate Governance Report is given under the governance section of this Annual Report.

AUDITORS

The Financial Statements for the period under review were audited Ernst & Young Chartered Accountants who offer themselves for reappointment for the ensuing year. The Directors propose the reappointment of Ernst & Young Chartered Accountants as Auditors of the Company for the year 2022/23 subject to the approval of the shareholders at the Annual General Meeting.

The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit fees paid to the Auditors. Details on the work of the Audit Committee are set out in the Audit Committee Report.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or its subsidiaries.

ANNUAL GENERAL MEETING

The Nineth Annual General Meeting will be held at No. 351, Pannipitiya Road, Thalawathugoda on Thursday, 30th June 2022 at 10.30 a.m. to transact the following business.

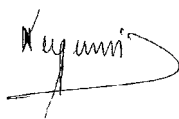
Notice of Meeting

The Notice of the Annual General Meeting to the shareholders is given on page 180,

The Directors are of the view that they have duly discharged their responsibilities as set out in this statement.

By Order of the Board

JAT Holdings PLC



N. I. D. Corporate Services (Pvt) Ltd
Secretaries to the Company

30 May 2022

BOARD COMMITTEE REPORTS

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

MANDATE AND RESPONSIBILITY

The Audit and Risk Management Committee is a subcommittee of the Company's Board of Directors, reporting directly to the Board. The Committee is authorized to conduct an independent evaluation of JAT Holdings PLC and its subsidiaries' financial reporting processes in order to provide extra confidence to the Board of Directors regarding the accuracy of its financial statements and processing. The Committee engaged with management to review key risks faced by the Group as a whole and the main sectors with a view to obtaining assurances that appropriate and effective risk mitigation strategies were in place.

The Committee's overarching goal is to assess the Company's internal control and risk management systems and provide suggestions to the Board of Directors for adoption.

For JAT Holdings PLC and its subsidiaries, the Audit and Risk Management Committee is in charge of developing and implementing sufficient and acceptable internal control systems.

The meeting minutes of the Audit and Risk Management Committee are meticulously kept and presented to the Board of Directors.

MEMBERS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprises of three Independent Directors as given below.

- ◆ Devaka Cooray – Chairman/Non-Executive Independent Director
- ◆ Dr. Sivakumar Selliah – Member/Non-Executive Independent Director
- ◆ Hussain Akbarally – Member/Non-Executive Independent Director

Brief profiles of the members of this Committee are stated on pages 26 of this report.

The Head of Internal Audit and Process Excellence served as the Secretary to the Audit and Risk Management Committee.

The Company's Managing Director, Chief Executive Officer and Finance Director will attend meetings when scheduled as and when required, by invitation.

MEETINGS HELD

The Audit and Risk Management Committee held five meetings during the financial year under review.

The attendance of the Committee members at the meetings was as follows.

	05/05/2021	15/07/2021	05/08/2021	25/10/2021	24/01/2022
Devaka Cooray – Chairman	√	√	√	√	√
Dr. Sivakumar Selliah	√	x	√	√	√
Girish Patil (Resigned w.e.f. 09th August 2021)	√	√	x	-	-
Hussain Akbarally (Appointed w.e.f. 09th August 2021)	-	-	-	√	√

FUNCTIONS OF THE COMMITTEE

◆ Financial Reporting

Ensures that the Internal Audit function is independent of the activities, it audits all areas of the business and that it is performed with impartiality, proficiency and due professional care.

Prior to publication, the Audit Committee examined and discussed the Group's quarterly and annual financial statements with management and external auditors. The scope of the audit included determining whether the financial statements and disclosures were compliant with Sri Lanka Accounting Standards.

The propriety of accounting policies and changes in substantial judgmental matters were addressed by the External Auditors in their reports to the Committee on the

audit for the year and they were also discussed between the External Auditors and Management.

◆ Compliance

Ensures compliance with mandatory, statutory and other regulatory requirements laid down by the authorities are in place.

The Committee ensures that the Group follows all applicable laws, regulations, codes, and standards. The Group's Code of Conduct and Ethics includes provisions for enforcing compliance norms.

◆ Internal Controls and Risk Management

Ensures the Company's internal control and risk management procedures are adequate to manage and mitigate the risks that may occur in the day-to-day operations of the company.

The Committee provides a forum for impartial review of the reports of internal audits conducted and takes into consideration the findings and the recommendations stated therein on matters relating to significant business risks. Formal confirmations and assurances were obtained from the senior management of the Group on a quarterly basis regarding the efficacy and status of the internal control systems and risk management systems and compliance with applicable laws and regulations.

The Committee also focuses on and reviews risks such as Business and Operational Risks, Finance Risks, Legal and Regulatory Risks and Strategic Risks through appropriate risk indicators and management information, while reviewing and overseeing the management plan for mitigation of the material risks faced by the various business units of the company.

◆ Internal Audits

Ensures that the Internal Audit function is independent of the activities, it audits all areas of the business and that it is performed with impartiality, proficiency and due professional care.

The Committee received frequent reports from the Group Internal Audit division on the adequacy and efficacy of internal controls in

the Group, as well as compliance with laws and regulations as well as established policies and processes. The Committee also looked through reports from the Internal Auditors on the Company's activities and several of its unquoted subsidiaries. The Head of Internal Audit documented and submitted to the Committee on a quarterly basis any actions made in response to the outsourced Internal Auditors' recommendations, as well as any other major follow-up matters.

◆ External Audits

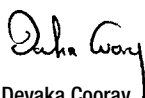
Assesses the independence and performance of the External Auditors and makes recommendations to the Board on the appointment/re-appointment of External Auditors.

Prior to the start of the audit, the Committee examined and discussed the External Auditors' Letter of Engagement with the External Auditors and management, including the scope of the audit. The External Auditors kept the Committee informed on a regular basis about important issues that needed to be resolved. The Committee met with the External Auditors and management before the end of the audit to discuss and agree on the treatment of all audit matters. This featured a discussion of the Committee's formal reports from the External Auditors. Prior to the finalization of the financial statements, the Committee met with the External Auditors without management present to receive their advice on specific concerns and to determine whether they had any areas of concern.

The Audit and Risk Management Committee conducted a confidential and independent discussion with the External Audit Partners in the absence of management team to ensure the independence of the external audit. The Committee is convinced that the External Auditors' independence has not been compromised by any event or service that creates a conflict of interest. The Committee also evaluated the procedures established by the Auditors to maintain their independence, and the Auditors confirmed that they were following the independence guidance set forth in the Institute of Chartered Accountants of Sri Lanka's Code of Ethics.

The performance of the External Auditors was assessed using a formal assessment process that included input from the Internal Auditors.

As such, there have been no reported incidents either internal or external, regarding the breach of ethics or unlawful behavior by any of our employees, in a way that would bring into question the integrity of the Company.



Devaka Cooray

Chairman – Audit and Risk Management Committee

Non-Executive Independent Director – JAT Holdings PLC

REPORT OF THE HR AND REMUNERATION COMMITTEE

The HR and Remuneration Committee operates within Board approved terms of reference and assists the Board of Directors to ensure that the remuneration policies in the company align with its objectives.

COMPOSITION OF THE COMMITTEE

The HR and Remuneration Committee of JAT Holdings PLC consists of two Independent Directors

- ◆ Dr. Sivakumar Selliah – Chairman/Non-Executive Independent Director
- ◆ Priyanthi Pieris – Member/Non-Executive Independent Director
- ◆ Hussain Akbarally – Member/Non-Executive Independent Director

Brief profiles of the members of this Committee are given on page 26 of this report.

MEETINGS HELD

The Committee meets annually. The Managing Director, Chief Executive Officer and Head of HR and Corporate Sustainability attend these meetings on invitation to participate in the deliberations, except when their own compensation packages are reviewed.

	20/04/2021
Dr. Sivakumar Selliah – Chairman	√
Priyanthi Pieris	√
Hussain Akbarally (Appointed w.e.f. 09th August 2021)	-

SCOPE OF THE COMMITTEE

The Committee operates within the Board approved terms of reference.

The HR and Remuneration Committee examines the proposals and recommendations made by the management on the remuneration package for the Company's Executive Directors and Senior Management and makes the recommendation to the Board for approval.

The scope of the Committee also involves, to look into the fees and perquisites of the Chairman, the Managing Director, CEO, and the Independent Directors of the Board of the Company and approve the recommendations made.

REMUNERATION POLICY

The Company has a philosophy of retaining and attracting high-profile executives. In this context, the Committee considers competition, individual and collective performance, and target attainment while determining the Company's overall remuneration policy.

REMUNERATION AND OTHER BENEFITS

The Board as a whole decides on the Non-Executive Directors' salary based on the Committee's recommendations.

Employees:

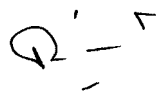
Employee remuneration consists of a fixed and variable component that is impacted by factors such as qualifications and experience, individual and business performance and comparison to market accessible rates.

JAT EMPLOYEE SHARE OPTION PLAN

Parallel to the IPO, an Employee Share Option Plan (ESOP) was introduced by aligning the Company's goals and objectives with individual performance to motivate employees through equity ownership. The Plan was introduced to selected employees based on position held, seniority, and contribution in terms of strategic and operational importance to the company.

The ESOP scheme, which is enforceable after 3 years of listing, will enable the selected employees to purchase at the IPO issue price and benefit from the capital appreciation which they would have contributed to, ensuring the individual performance is directly attributable to the midterm goals of the Company.

I wish to take this opportunity to thank all members who served in the committee during the period and for their contribution to the deliberations of the Committee.



Dr. Sivakumar Selliah

Chairman – HR and Remuneration Committee

Chairman – Non-Executive/Independent – JAT Holdings PLC

REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

In accordance with the Securities and Exchange Commission of Sri Lanka's Code of Best Practice, the Board formed a Related Party Transaction Review Committee. The Related Party Transaction Review Committee aids the Board in ensuring that the interests of all shareholders are considered when dealing with related parties and avoidance of conflicts of interest.

COMPOSITION OF THE COMMITTEE

The Related Party Transaction Review Committee of JAT Holdings PLC consists of three Independent Directors.

- ◆ Dr. Sivakumar Selliah – Chairman/Non-Executive Independent Director
- ◆ Hussain Akbarally – Member/Non-Executive Independent Director
- ◆ Devaka Cooray – Member/Non-Executive Independent Director

The Managing Director, Chief Executive Officer and Finance Director of the Company attend the meetings when required, by invitation.

Brief profiles of the members of this Committee are stated in page number 26 to 27 of this report.

MEETINGS HELD

During the 12 months period ended 31st March 2022, the Committee met 4 times. Attendance of the Committee Members at these meetings is given in the table below.

	05/05/2021	05/08/2021	25/10/2021	24/01/2022
Dr. Sivakumar Selliah – Chairman (Appointed as Chairman w.e.f. 09th August 2021)	✓	✓	✓	✓
Girish Patil (Resigned w.e.f. 09th August 2021)	✓	x	-	-
Hussain Akbarally	x	x	✓	✓
Devaka Cooray (Appointed w.e.f. 09th August 2021)	-	-	✓	✓

ROLE AND RESPONSIBILITIES

The mandate of the Committee is derived from the Code of Best Practice and the Rules and are as follows.

- i. To review in advance all proposed related party transactions of the Group either prior to the transaction being entered into.
- ii. Seek any information the Committee requires from Management, employees or external parties with regard to any transaction entered into with a related party.
- iii. Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- iv. To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- v. To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- vi. To review the economic and commercial substance of both recurrent/non-recurrent related party transactions

POLICIES AND PROCEDURES ON RELATED PARTY TRANSACTIONS

The policy ensures that procedures are in place to ensure that the company does not engage in any transactions with the related parties in a manner that would be more advantageous to such parties.

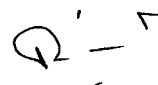
TRANSACTIONS DURING THE YEAR

Details of transactions with Related Parties during the year is set out in Note 14 to the financial statements on pages 145 to 146 of this report.

REPORTING TO THE BOARD

The minutes of the Related Party Transaction Review Committee Meetings are tabled at the Board Meetings enabling all Board Members to have access to same.

I Wish to take this opportunity to thank all members who served in the Committee and for their contribution to the deliberations of the Committee during the period.



Dr. Sivakumar Selliah

Chairman – Related Party Transactions Review Committee

Chairman – Non-Executive/Independent – JAT Holdings PLC

REPORT OF THE INVESTMENT COMMITTEE

The Investment Committee is a subcommittee of the Board of Directors of the Company and reports directly to the Board of Directors of the Company.

COMPOSITION AND MEMBERS OF THE COMMITTEE

The Committee comprises of the Chairman and two members.

- ◆ Devaka Cooray – Chairman/Non-Executive Independent Director
- ◆ Hussain Akbarally – Member/Non-Executive Independent Director
- ◆ Anika Williamson – Member/Non-Executive Director

Brief profiles of the Directors are given on page 26 of this report.

The Company's Managing Director, Chief Executive Officer and Finance Director attend the meetings by invitation.

RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

The primary responsibility of the Investment Committee is to review investments proposed by the Company's management and provide recommendations to the Board of Directors of the Company.

The nature of the investments reviewed by the Committee falls under 2 categories.

1. Investments related to Company's existing operations, where the quantum of investment planned is more than LKR 50 million, or
2. Investments in areas outside Company's existing operations, irrespective of quantum of investment.

MEETINGS

The Committee met four times during the financial year.

The attendance of the Committee Members at the meetings is as per the table below.

	07/05/2021	28/06/2021	05/11/2021	22/03/2022
Devaka Cooray – Chairman	√	√	√	√
Hussain Akbarally	√	√	√	√
Anika Williamson	√	√	√	√
Girish Patil (Resigned w.e.f. 09th August 2021)	x	x	-	-



Devaka Cooray

Chairman – Investment Committee

Non-Executive Independent Director – JAT Holdings PLC

BOARD OF DIRECTORS — COMMUNICATION POLICY

107

JAT HOLDINGS PLC
ANNUAL REPORT 2021/22

POLICY STATEMENT

JAT Holdings PLC (the 'Company') values the input and insights of all its stakeholders, including lenders, creditors, shareholders and borrowers and other interested parties and believes that effective communication strengthens the role of the Company's Board of Directors (the 'Board') as an active, informed and engaged body. To facilitate communication, this policy outlines the procedures for communicating with the Board, its Committees and its members.

This policy has been approved by the Board of Directors and shall become effective from 31st of March 2016. The Board of Directors will oversee this policy and will review it and may recommend any changes from time to time. The Board can modify this policy unilaterally at any time without notice.

COMMUNICATION TO THE BOARD

Stakeholders and other interested parties can communicate with the Board as a whole, the Independent Directors or any individual member of the Board or any Committee of the Board. All such written communications should be submitted by mail to the following address.

No. 351, Pannipitiya Road, Thalawathugoda

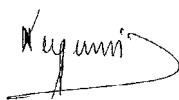
PROCEDURES FOR HANDLING COMMUNICATIONS TO THE BOARD

The Board has designated the Company's Board Secretary as its agent to receive and review written communications addressed to the Board, any of its Committees, or any Board member or group of members. The Board Secretary may communicate with the sender for any clarifications. In additions, the Board Secretary will promptly forward to the Chairman of the Audit Committee any communication regarding legal, ethical or compliance issues by management or any other matter deemed by the Board Secretary to be potentially material to the Company.

As an initial matter, the Board Secretary will determine whether the communication is a proper communication for the Board. The Board Secretary will not forward to the Board, any Committees or any Director communications of a personal nature or not related to the duties and responsibilities of the Board, including without limitations, junk mail and mass mailings, business solicitations, opinion survey polls or any other communications deemed by the Board Secretary to be immaterial to the Company.

Separately, the parent Company's Audit and Risk Management Committee has established a Group Whistleblowing Policy for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters, fraud and unethical business practices, sexual harassment/misconduct, racial or religious discrimination and the confidential, anonymous submission by employees or any other concerned persons of concerns regarding questionable practices or events that would be harmful to the Company's progress and reputation.

By Order of the Board,
JAT Holdings PLC



N. I. D. Corporate Services (Pvt) Ltd
Secretaries to the Company

30 May 2022

CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of JAT Holdings PLC and the Consolidated Financial Statements of the Company and its subsidiaries (the Group) as at 31 March 2022 are prepared and presented in conformity with the following requirements:

- ◆ Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka),
- ◆ Companies Act No. 07 of 2007,
- ◆ Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995,
- ◆ Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission Sri Lanka.

The formats used in the preparation of the Financial Statements and disclosures are made in compliance with the formats prescribed by the Sri Lanka Accounting Standards.

The Accounting Policies used in the preparation of the Financial Statements are appropriate and are consistently applied by the Group. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation, and material departures, if any, have been disclosed and explained. Significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the External Auditors and the Audit and Risk Management Committee.

The Board of Directors and the Management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order to ensure that the Financial Statements are reflected in a true and fair manner and the form and substance of

transactions and the Company's state of affairs are reasonably presented. We also confirm that the Group has adequate resources to continue in operation and has applied the going concern basis in preparing these Financial Statements.

To ensure this, the Company and the Group have taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis.

The Internal Audit Department has conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company and the Group were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Audit and Risk Management Committee reviewed all of the internal and external audit and inspection programmes, the efficiency of the internal control systems and procedures, the quality of accounting policies and their adherence to statutory and regulatory requirements, the external audit plan and the management letters, are also followed up on any issues raised during the statutory audit, the details of which are given in the "Audit and Risk Management Committee Report" on pages 102 to 103 of this Annual Report.

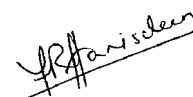
The Financial Statements of the Company and the Group were audited by Messrs. Ernst & Young Chartered Accountants, Sri Lanka and their Report is given on page 111 of this Annual Report.

We confirm that:

- ◆ the Group has complied with all applicable laws and regulations and prudential requirements,
- ◆ there are no material non-compliances,
- ◆ there are no material litigations that are pending against the Group other than those disclosed in Note 31.2 of the Financial Statements of this Annual Report,
- ◆ All taxes, duties, levies and other statutory payments by the Group and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Group as at 31 March 2022 have been paid, or where relevant provided for.



Nishal Ferdinando
Director/Chief Executive Officer



Rizna Dilshard
Finance Director

30 May 2022
Colombo

STATEMENT OF DIRECTORS RESPONSIBILITY POLICY

The Directors are responsible under sections 150 (1), 151, 152 (1) and 153 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein and to prepare Financial Statements for the twelve months financial period ended 31st March 2022 giving a true and fair view of the state of affairs of the Company and the Group and of the profit of the Company and the Group for the said financial period.

The Directors are also responsible, under Section 148, for ensuring that proper accounting records are kept to enable, determination of financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgements have been made so that the forms and substance of transactions are properly reflected.

The Directors confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs), Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange. Further, the Financial Statements provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries that adequate resources exist to support the Company and the Group on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken reasonable measures to safeguard the assets of the Company and the Group and in that context have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The Board of Directors declared two interim dividends for the twelve months' period ended 31st

March 2022 in terms of the Articles of Association of the Company and in line with Section 56 of the Companies Act No. 07 of 2007. The solvency test was satisfied immediately after such distribution in accordance with Section 57 of the Act.

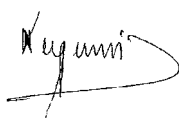
The External Auditors, Messrs Ernst & Young, Chartered Accountants, who will be proposed to be reappointed as the Auditors of the Company at the Annual General Meeting were provided with every opportunity to undertake the inspections, they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on pages 111 to 113 sets out their responsibilities in relation to the Financial Statements. The Board has recommended the Messrs Ernst and Young, Chartered Accountants be reappointed as Auditors for the year 2022/23.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge all statutory payments relating to employees and the Government that were due in respect of the Company and its subsidiaries as at the balance sheet date have been paid or where relevant provided for.

By Order of the Board

JAT Holdings PLC



N. I. D. Corporate Services (Private) Limited
Secretaries to the Company

30 May 2022

FINANCIAL STATEMENTS



A YEAR LIKE NO OTHER

The JAT Group demonstrated remarkable resilience and adaptability, as it recorded a significant growth trajectory in revenue and profitability levels. Navigating its way through insurmountable challenges the Group was successful in gaining a competitive edge by strengthening its market position across its key product segments. The timely entry into new market segments, the launch of several innovative products along with industry breakthrough marketing and distribution strategies enabled the Group to differentiate itself in a competitive business platform.

INDEPENDENT AUDITOR'S REPORT

111

JAT HOLDINGS PLC
ANNUAL REPORT 2021/22



Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

WRHD/IR/DM

TO THE SHAREHOLDERS OF JAT HOLDINGS PLC

REPORT ON THE AUDIT OF THE FINANCIAL

STATEMENTS

Opinion

We have audited the financial statements of JAT Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2022, and statements of profit or loss and other comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Allowances for Doubtful Trade Receivables As at 31 March 2022, the Group recognised trade receivables of Rs. 4.7 Bn, representing 41% of total assets in the Group. As disclosed in Note 12, the group assessed the allowance of doubtful debts to be recorded in connection with the receivables and an amount of Rs. 202 Mn was recorded as at 31 March 2022. Allowances for doubtful trade receivables was considered a key audit matter due to; - the significance of Trade Receivables in the context of the Group's financial statements, and - the high degree of judgments applied by management in the estimation of the allowance, particularly in relation to the segregation of debtors and economic factor applied.	We performed the following procedures to assess the reasonableness of allowances made for trade receivables by the Group: • Understood the design of controls over the collection and follow up over trade receivables, as well as the methodology applied in the assessment of allowances for doubtful debt, • tested the age analysis of trade receivables considered by management for purposes of determining the allowance for doubtful debts, and • assessed the reasonableness of the allowance methodology, particularly in relation to the judgements and estimates applied. We also assessed the adequacy of disclosures provided in the financial statements in Notes 12 and 12.3.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Allowance for Inventory Obsolescence As at 31 March 2022, the carrying amount of inventories amounted to Rs. 2.2 Bn, after considering an allowance for inventory obsolescence of Rs. 165 Mn. The allowance for inventory obsolescence was a key audit matter due to; - the significance of the inventory balance (represented 20% of the Group's total assets), and - the use of significant management judgements over identifying inventories requiring write down to net realizable value (NRV) and the related estimates applied in determining the allowance for inventory obsolescence.	We performed the following procedures to address specific risks identified in determining the carrying value of inventories; ● obtained an understanding of the types and form of inventories maintained by the entity, together with key processes and controls relating to the management and measurement of inventories, ● tested the age analysis of inventories considered by management for purposes of determining the allowance for inventory obsolescence, and ● assessed the reasonableness of judgements applied in the identification and recording of inventories at NRV, and the related estimates applied in determining the allowance for inventory obsolescence. We also assessed the adequacy of disclosures made in relation to inventories, and related allowances in Notes 3.10 and 11 to the financial statements
Revenue from Contracts with Customers The Group derived its revenue of Rs. 8.9 Bn from sales arrangements for products and services provided by the group's entities as disclosed in Note 22 to the financial statements. Revenue from contracts with customers was a key audit matter due to; - The significance of the account balance coupled with the significant increase (66%) in revenue recorded by the Group during the year; and - the presence of various shipping terms agreed with different customers; and the nature of discounts, loyalty programmes and other incentives offered in such contracts.	We performed the following procedures to address the key audit matter relating to revenue from contracts with customers: ● Understood the nature of revenue contracts entered by group entities and evaluated the design and operating effectiveness of relevant controls over the recognition of revenue, ● performed inquiries of management and appropriate analytical procedures to understand and assess the reasonableness of the reported revenues, and ● reviewed customer contracts to assess whether discounts, loyalty programs and other incentives in place have been appropriately factored in by the group in the recognition of revenue, particularly at year end. We also assessed the adequacy of the disclosures in respect of revenue in Note 3.17.1 and 22 to the financial statements.

Other Information included in the 2021/22 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and

for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of both Company and Group.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

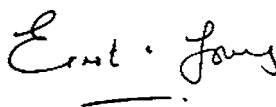
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4107.



30 May 2022
Colombo

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. A A Ludowyke FCA FCMA, Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

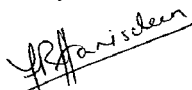
Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

STATEMENT OF FINANCIAL POSITION

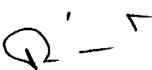
As at 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	6	1,667,971,362	1,530,699,457	1,663,832,775	1,528,228,246
Right-of-use assets	7	15,142,330	25,520,797	15,142,330	25,520,797
Intangible assets	8	17,627,288	22,480,109	9,688,032	14,504,680
Investments in subsidiaries	9	-	-	333,818,740	333,818,740
Consumable biological assets	10	68,577,048	58,120,344	68,577,048	58,120,344
Advance paid for investment properties	13	142,421,669	142,421,669	142,421,669	142,421,669
		1,911,739,697	1,779,242,376	2,233,480,594	2,102,614,476
Current assets					
Inventories	11	2,253,759,798	1,562,903,810	2,146,186,902	1,461,999,666
Income tax recoverable		-	11,437,292	6,212,097	18,788,089
Trade and other receivables	12	4,784,543,338	2,836,316,766	3,145,299,054	2,315,246,921
Advances and prepayments	13	787,270,868	85,983,114	744,554,705	75,934,260
Amounts due from related parties	14.1	61,400,571	70,818,034	367,231,598	246,056,188
Short term financial assets	15	1,056,499,610	216,806,589	868,684,706	216,806,589
Cash and cash equivalents	16.1	688,829,851	494,283,570	547,892,271	216,355,313
		9,632,304,036	5,278,549,175	7,826,061,333	4,551,187,026
Total assets		11,544,043,733	7,057,791,551	10,059,541,927	6,653,801,502
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	17	2,395,221,320	918,770,013	2,395,221,320	918,770,013
Retained earnings		5,263,420,779	4,451,031,491	4,966,747,147	4,372,129,973
Foreign currency translation reserve		96,297,224	(24,866,701)	-	-
Equity attributable to equity holders of the parent		7,754,939,323	5,344,934,803	7,361,968,467	5,290,899,986
Non-controlling interest		(8,337,725)	(4,369,381)	-	-
Total equity		7,746,601,598	5,340,565,422	7,361,968,467	5,290,899,986
Non-current liabilities					
Interest bearing loans and borrowings	18	13,588,091	29,439,735	2,265,966	10,292,086
Retirement benefit obligation	19	63,888,296	57,308,540	62,913,258	56,079,631
Deferred tax liability	20	14,334,396	-	14,334,396	-
		91,810,783	86,748,275	79,513,620	66,371,717
Current liabilities					
Trade and other payables	21	2,413,243,197	1,127,339,229	1,401,216,873	820,994,170
Amounts due to related parties	14.2	4,607,375	91,617	-	-
Interest bearing loans and borrowings	18	1,275,445,841	503,047,009	1,216,842,967	475,535,629
Income tax payable		12,334,939	-	-	-
		3,705,631,352	1,630,477,855	2,618,059,840	1,296,529,799
Total equity and liabilities		11,544,043,733	7,057,791,551	10,059,541,927	6,653,801,502

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

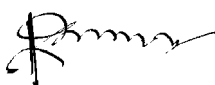


Rizna Dilshad
Finance Director

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by:



Dr. Sivakumar Selliah
Chairman



Aelian Gunawardene
Managing Director

The accounting policies and notes on pages 119 to 168 form an integral part of these financial statements.

30 May 2022
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

115

JAT HOLDINGS PLC
ANNUAL REPORT 2021/22

Year ended 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue from contracts with customers	22	8,896,808,118	5,359,510,190	6,660,847,225	4,512,726,994
Cost of sales		(6,293,400,077)	(3,715,213,356)	(4,549,794,831)	(3,064,492,333)
Gross profit		2,603,408,041	1,644,296,834	2,111,052,394	1,448,234,661
Other income	23	66,948,815	52,597,141	245,070,416	157,243,260
Selling and distribution expenses		(824,388,131)	(710,914,449)	(786,455,595)	(626,542,152)
Administrative expenses		(659,837,398)	(301,113,105)	(542,891,889)	(360,950,669)
Results from operating activities		1,186,131,327	684,866,421	1,026,775,327	617,985,100
Finance cost	24	(64,931,434)	(82,956,367)	(60,441,170)	(73,490,875)
Finance income	25	136,687,832	42,581,814	58,048,781	21,007,911
Profit before tax	26	1,257,887,725	644,491,868	1,024,382,938	565,502,136
Income tax expense	27	(47,331,041)	(44,054,405)	(26,668,845)	(36,259,447)
Profit for the year		1,210,556,684	600,437,463	997,714,093	529,242,689
Profit for the period attributable to:					
Equity holders of the parent company		1,215,215,286	598,668,246	997,714,093	529,242,689
Non-controlling interest		(4,658,602)	1,769,217	-	-
		1,210,556,684	600,437,463	997,714,093	529,242,689
Other comprehensive Income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Currency translation of foreign operations		121,632,520	(1,065,726)	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		121,632,520	(1,065,726)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial gains/(losses) on defined benefit plans	19.1	2,217,911	(605,477)	1,725,326	(605,477)
Income tax effect on defined benefit plan	20	(241,546)	145,314	(241,546)	145,314
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax		1,976,365	(460,163)	1,483,780	(460,163)
Other comprehensive income for the year, net of tax		123,608,885	(1,525,889)	1,483,780	(460,163)
Total comprehensive Income for the year, net of tax		1,334,165,569	598,911,574	999,197,873	528,782,526
Total comprehensive income attributable to:					
Equity holders of the parent company		1,338,133,913	597,190,965	999,197,873	528,782,526
Non-controlling interest		(3,968,344)	1,720,609	-	-
		1,334,165,569	598,911,574	999,197,873	528,782,526
Basic/Diluted earnings per share	28	2.47	1.31	2.03	1.16
Dividend per share	29	-	-	0.82	0.36

The accounting policies and notes on pages 119 to 168 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

Group	Note	Attributable to equity holders of the parent				Non-controlling interest	Total equity
		Stated capital	Retained earnings	Foreign currency translation reserve	Total		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April 2020		918,770,013	4,073,144,201	(23,849,583)	4,968,064,631	(6,089,990)	4,961,974,641
Profit for the year		-	598,668,246	-	598,668,246	1,769,217	600,437,463
Other comprehensive income							
Currency translation of foreign operations		-	-	(1,017,118)	(1,017,118)	(48,608)	(1,065,726)
Actuarial gains/(losses) on defined benefit plans		-	(605,477)	-	(605,477)	-	(605,477)
Income tax effect on defined benefit plan		-	145,314	-	145,314	-	145,314
Total other comprehensive income/(loss), net of tax		-	(460,163)	(1,017,118)	(1,477,281)	(48,608)	(1,525,889)
Total comprehensive income/(loss) for the year, net of tax		-	598,208,083	(1,017,118)	597,190,965	1,720,609	598,911,574
Distribution on buy back of ordinary shares		-	(57,121,880)	-	(57,121,880)	-	(57,121,880)
Dividends to equity holders	29	-	(163,198,913)	-	(163,198,913)	-	(163,198,913)
Balance as at 31 March 2021		918,770,013	4,451,031,491	(24,866,701)	5,344,934,803	(4,369,381)	5,340,565,422
Issue of shares	17	1,506,996,900	-	-	1,506,996,900	-	1,506,996,900
Transaction costs for issued share capital	17	(30,545,593)	-	-	(30,545,593)	-	(30,545,593)
Profit for the year		-	1,215,215,286	-	1,215,215,286	(4,658,602)	1,210,556,684
Other comprehensive income							
Currency translation of foreign operations		-	-	121,163,925	121,163,925	468,595	121,632,520
Actuarial gains/(losses) on defined benefit plans	19.1	-	1,996,248	-	1,996,248	221,663	2,217,911
Income tax effect on defined benefit plan	20	-	(241,546)	-	(241,546)	-	(241,546)
Total other comprehensive income/(loss), net of tax		-	1,754,702	121,163,925	122,918,627	690,258	123,608,885
Total comprehensive income/(loss) for the year, net of tax		-	1,216,969,988	121,163,925	1,338,133,913	(3,968,344)	1,334,165,569
Dividends to equity holders	29		(404,580,699)	-	(404,580,699)	-	(404,580,699)
Balance as at 31 March 2022		2,395,221,320	5,263,420,779	96,297,224	7,754,939,323	(8,337,725)	7,746,601,598

Foreign currency translation reserve comprises of all foreign exchange differences arising from the translation of foreign subsidiaries in the Group.

The accounting policies and notes on pages 119 to 168 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Company	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2020		918,770,013	4,063,668,240	4,982,438,253
Profit for the year		-	529,242,689	529,242,689
Other comprehensive income				
Actuarial gains/(losses) on defined benefit plans	19.1	-	(605,477)	(605,477)
Income tax effect on defined benefit plan	20	-	145,314	145,314
Total other comprehensive income/(loss), net of tax		-	(460,163)	(460,163)
Total comprehensive income/(loss) for the year, net of tax		-	528,782,526	528,782,526
Distribution on buy back of ordinary shares		-	(57,121,880)	(57,121,880)
Dividends to equity holders	29	-	(163,198,913)	(163,198,913)
Balance as at 31 March 2021		918,770,013	4,372,129,973	5,290,899,986
Issue of shares	17	1,506,996,900	-	1,506,996,900
Transaction costs for issued share capital	17	(30,545,593)	-	(30,545,593)
Profit for the year		-	997,714,093	997,714,093
Other comprehensive income				
Actuarial gains/(losses) on defined benefit plans	19.1	-	1,725,326	1,725,326
Income tax effect on defined benefit plan	20	-	(241,546)	(241,546)
Total other comprehensive income/(loss), net of tax		-	1,483,780	1,483,780
Total comprehensive income/(loss) for the year, net of tax		-	999,197,873	999,197,873
Dividends to equity holders	29	-	(404,580,699)	(404,580,699)
Balance as at 31 March 2022		2,395,221,320	4,966,747,147	7,361,968,467

The accounting policies and notes on pages 119 to 168 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash flows from/ (used in) operating activities					
Profit before tax		1,257,887,725	644,491,868	1,024,382,938	565,502,136
Adjustments for,					
Depreciation of property, plant and equipment	6	116,943,299	113,443,228	116,114,862	109,524,129
Amortization for intangible assets	8	5,309,354	5,401,830	5,254,697	5,085,560
Depreciation of right-of-use assets	7	19,118,341	18,869,945	19,118,341	18,869,945
Provision for defined benefit plans	19.1	11,074,121	11,608,597	10,724,117	11,093,527
Provision for obsolete and slow moving inventories	11.1	77,921,966	19,260,730	71,280,305	13,650,028
Disposal loss/(gain) on property, plant and equipment	23	(30,803,270)	(32,199,866)	(30,803,270)	(32,199,866)
Changes in fair value of biological assets	10	(10,456,704)	(8,879,184)	(10,456,704)	(8,879,184)
Changes in fair value of investment in other financial assets	23	(6,305,004)	(1,606,148)	(6,305,004)	(1,606,148)
Changes in fair value of investment properties	23	-	(1,196,000)	-	(1,196,000)
Impairment on plant and equipment		-	2,894,011	-	-
Temporary concessions of right-of-use assets	7	(8,607,890)	(5,948,177)	(8,607,890)	(5,948,177)
Allowances for expected credit losses	12.2	115,922,097	57,305,256	109,651,053	73,098,055
Other write offs		-	-	-	36,108,824
Dividend income	23	(4,978,879)	(170,500)	(177,498,410)	(97,616,619)
Finance income	25	(136,687,832)	(42,581,814)	(58,048,781)	(21,007,911)
Finance costs	24	64,931,434	82,956,367	60,441,170	73,490,875
Unrealised (gain) / loss on foreign exchange (net)		(38,105,853)	-	27,391,395	-
Operating profit before working capital changes		1,433,162,905	863,650,142	1,152,638,819	737,969,174
(Increase)/ decrease in inventories		(751,559,349)	200,152,227	(755,467,540)	193,456,795
(Increase)/ decrease in trade and other receivables		(1,422,241,919)	121,444,841	(708,566,892)	(260,102,665)
(Increase)/ decrease in amount due from related parties		9,417,463	(11,232,779)	(34,696,217)	(48,278,975)
(Increase)/ decrease in advances and prepayments		(689,545,570)	(2,045,703)	(668,620,445)	(23,743,429)
Increase/ (decrease) in amount due to related parties		3,248,608	40,822	-	-
Increase/ (decrease) in trade and other payables		695,984,552	(47,726,108)	384,512,176	259,596,122
Cash generated from operations		(721,533,311)	1,124,283,442	(630,200,099)	858,897,022
Tax paid		(9,465,959)	(21,880,811)	-	-
Defined benefit plan cost paid	19	(2,276,455)	(1,243,843)	(2,165,164)	(1,243,843)
Finance cost paid		(62,535,504)	(78,689,654)	(58,045,240)	(69,224,162)
Net cash flow from/(used in) operating activities		(795,811,228)	1,022,469,134	(690,410,503)	788,429,017
Cash flows from/(used in) investing activities					
Purchase and construction of property, plant & equipment		(264,420,962)	(178,091,747)	(262,705,761)	(177,547,058)
Acquisition of intangible assets		(438,050)	(3,725,000)	(438,050)	(3,725,000)
Cost incurred on investment properties		-	(48,225,430)	-	(48,225,430)
Proceeds from disposal of property, plant and equipment		41,789,639	17,151,490	41,789,639	17,151,490
Investment in fixed deposits and money market funds		(1,587,773,587)	(210,000,000)	(1,466,474,549)	(210,000,000)
Proceeds from redemption of money market funds		885,723,859	-	885,723,859	-
Dividend income received		4,978,879	170,500	32,848,199	97,616,619
Payments made for acquisition of right-of-use assets		(2,420,000)	-	(2,420,000)	-
Proceeds from sale of financial instruments - fair valued through profit or loss		306,125,484	-	306,125,484	-
Purchase of financial instruments - fair valued through profit or loss		(356,355,948)	-	(356,355,948)	-
Investment in treasury bills		(14,552,630)	-	(14,552,630)	-
Interest income received		136,648,502	42,581,814	58,009,451	21,007,911
Net cash flows from/(used in) investing activities		(850,694,814)	(380,138,373)	(778,450,305)	(303,721,468)
Cash flows from/(used in) financing activities					
Repayment of interest bearing loans and borrowings	18.1	(3,040,825,691)	(1,565,739,445)	(2,870,571,962)	(1,439,183,922)
Proceeds from interest bearing loans and borrowings	18.1	3,723,621,241	1,378,846,043	3,566,863,913	1,235,722,252
Payments under lease liabilities	18.2	(13,094,848)	(11,555,726)	(13,094,848)	(11,555,726)
Dividend paid		(404,580,699)	(199,619,860)	(404,580,699)	(199,619,860)
Ordinary shares buy back		-	(57,121,880)	-	(57,121,880)
Proceeds from issue of shares	17	1,506,996,900	-	1,506,996,900	-
Transaction costs for issued share capital	17	(30,545,593)	-	(30,545,593)	-
Net cash from / (used in) from financing activities		1,741,571,311	(455,190,868)	1,755,067,711	(471,759,136)
Effects of exchange rate changes on cash and cash equivalents		17,388,588	-	-	-
Net increase in cash and cash equivalents		112,453,856	187,139,895	286,206,903	12,948,414
Cash and cash equivalents at the beginning of the year		490,391,580	303,251,685	214,681,727	201,733,313
Cash and cash equivalents at the end of the year (Note 16)		602,845,436	490,391,580	500,888,630	214,681,727

The accounting policies and notes on pages 119 to 168 form an integral part of these financial statements.
Figures in brackets indicate deductions.

1. CORPORATE INFORMATION

1.1 General

The consolidated financial statements of the JAT Holdings PLC (Formally known as JAT Holdings Limited) and its subsidiaries (collectively, the Group) for the year ended 31 March 2022 were authorized for issue in accordance with a resolution of the directors on 30 May 2022. JAT Holdings PLC (the Company or the parent) is a public limited company incorporated and domiciled in Sri Lanka and whose shares are listed on Colombo Stock Exchange and publicly traded. The registered office of the Company is located at No. 351, Pannipitiya Road, Thalawathugoda and the principal place of business is located at the above address.

1.2 Principal business activities and nature of operations of the group

JAT Holdings PLC carries on businesses of importers, exporters, agents, distributors, manufacturers, representatives, international traders, suppliers of and dealers in chemicals and chemical products, furniture, electrical and electrical goods, local produce and products. Information of the subsidiaries are provided in Note 3.2.1.

1.3 Parent and ultimate parent enterprise

JAT Holdings PLC does not have an identifiable parent of its own. JAT Holding PLC is the ultimate parent of the Group.

1.4 Number of employees

The number of employees of the Group at the end of the year was 386 (2021 – 351), Company – 350 (2021– 322).

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the “financial statements”) have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items stated in the statement of financial position.

Item	Basis of measurement	Disclosure notes
Consumable biological assets	Measured at fair value	Note 10
Financial assets at fair value through profit or loss	Measured at fair value	Note 15
Retirement benefit obligations	Measured at the present value of the defined benefit obligation	Note 19
Lease liabilities	Measured at amortised cost using effective interest method	Note 18.2

Where appropriate, the specific policies are explained in the succeeding notes.

2.3 Comparative information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The presentation and classification of the financial statements of the previous period, have been adjusted, where relevant, for better presentation.

2.4 Functional and presentation currency

The consolidated financial statements are presented in Sri Lankan Rupees (Rs.), which is the primary economic environment in which the holding company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

The following subsidiaries are using different functional currencies other than Sri Lankan Rupees (Rs.):

Name of the subsidiary	Country of incorporation	Functional currency
JAT Global (Pvt) Ltd	India	Indian Rupees
JAT Exports DMCC	United Arab Emirates	US Dollars
Asia Coatings (Pvt) Limited	Bangladesh	Bangladesh Taka

NOTES TO THE FINANCIAL STATEMENTS

2.5 Going concern

The directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the performance of the Group and the measures adopted by the government to support the recovery of the economy. The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Business combination and Goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the

aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.2 Current versus non-current classification

The Group presents assets and liabilities in the Statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax liabilities are classified as non-current assets and liabilities

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as for the year ended 31 March 2022.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments

are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounting under separate financial statements

Investment in subsidiary is measured at cost less accumulated impairment in the separate financial statements.

3.3.1 Subsidiaries

Subsidiaries are those enterprises controlled by the parent and have been listed in the Group directory.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of all subsidiaries in the Group other than JAT Exports DMCC are prepared for a common financial year, which is 12 months ending 31 March, using consistent accounting policies. The Financial Statements of JAT Exports DMCC prepare for the year ended 31st December and the additional financial statement has been prepared for consolidation purposes matching the twelve-month financial period up to 31st March as of the same date as the financial statements of the parent company.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Subsidiaries & their controlling percentages of the Group, which have been consolidated are as follows:

Subsidiary	Principal activities	County of incorporation	Effective holding	
			2022	2021
Worldwide Resins & Chemicals (Private) Limited	Trading of chemicals to the local market	Sri Lanka	100%	100%
Brush Master (Private) Limited	Manufacturing and Trading of brushes and rollers to the local market	Sri Lanka	55%	55%
JAT Global (Private) Limited	Importing and trading of chemical products	India	98.37%	98.37%
JAT Exports (Private) Limited	Business of exporters and offshore businesses of chemical products	Sri Lanka	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

Subsidiary	Principal activities	County of incorporation	Effective holding	
			2022	2021
JAT Exports DMCC	Offshore businesses of chemical products	United Arab Emirates (U.A.E)	100%	100%
Asia Coatings (Private) Limited	Importing/Manufacturing and trading of chemical products	Bangladesh	98.51%	-

3.3.2 Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Subsequently, profit or loss and each component of other comprehensive Income are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

3.3.3 Loss of control

When the Group loses control over subsidiary derecognises the assets and liabilities of the Subsidiary, any non-controlling interests and other components of equity. Any surplus or deficit arising on the loss of control is recognised in the profit or loss. Any interest retains in the previous Subsidiary, is measured at fair value as at the date that control is lost.

3.3.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.4 Foreign currency**3.4.1 Foreign currency translations and balances**

Transactions in foreign currencies are translated into the respective functional currencies of Group Companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit and loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

3.4.2 Foreign operations

The results and financial position of overseas operations that have

a Functional Currency different from the company's Presentation Currency are translated into the company's Presentation Currency as follows:

- Assets and liabilities are translated at the rates of exchange ruling at the Reporting date.
- Income and expenses are translated at the average exchange rate for the period, unless this average rate is not a reasonable approximation of the rate prevailing at the transaction date, in which case income and expenses are translated at the exchange rates ruling at the transaction date.

All resulting exchange differences are recognised in the OCI and accumulated in the Foreign Currency Translation Reserve (Translation Reserve), which is a separate component of Equity, except to the extent that the translation difference is allocated to the NCI.

3.5 Fair value measurement

The Group measures financial instruments such as financial assets at fair value through profit or loss, and non-financial assets such as Biological assets, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the Note 34.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Management determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as Biological assets. Involvement of external values is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management presents the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

The Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

Fair value measurement	Disclosure Notes
Disclosures for valuation methods, significant estimates and assumptions	Notes 10.1 and 34
Quantitative disclosures of fair value measurement hierarchy	Note 34
Investment in quoted equity shares	Notes 15.1
Consumable biological assets	Note 10
Financial Instruments (Including those carried at amortized cost)	Note 33

3.6 Property, plant and equipment

3.6.1 Basis of recognition

Property, plant and equipment is recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

3.6.2 Measurement and subsequent costs

Property, plant, and equipment are initially stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group & Company recognise such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

3.6.3 Depreciation

Depreciation is recognised in the Statement of profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

NOTES TO THE FINANCIAL STATEMENTS

Useful lives as follows;

Asset	Years
Office and factory buildings	50 Years
Office equipment	7 Years
Computers	4 Years
Furniture and fittings	6 - 10 Years
Motor vehicles	4 - 6 Years
Store equipment	6 - 10 Years
Signboards	5 Years
Factory equipment	7 Years
Lab equipment	7 to 10 Years
Plant and machinery	10 - 25 Years
Leasehold improvements	4 Years

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at end of each reporting period. An estimation change in the useful life of fixed asset during the period has occurred and the underlying assumptions considered are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised prospectively.

3.6.4 Assets in the course of construction

Capital expenditure incurred in relation to fixed assets which are not completed as at the reporting date are shown as capital work-in-progress and is stated at cost. On completion, the related assets are transferred to property, plant and equipment. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

3.6.5 Derecognition

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss statement in the year the asset is derecognized.

3.7 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.7.1 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value

assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3.7.2 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Description	Period
Land and buildings	2 - 5 Years (approximated)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3.7.3 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of

lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings

3.7.3.1 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.8 Intangible assets

3.8.1 Basis of recognition

An Intangible asset is recognised if it is probable that the future economic benefits associated with the assets will flow to the Group and cost of the assets can be reliably measured.

3.8.2 Measurement and subsequent costs

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the profit or loss statement in the year in which the expenditure is incurred.

3.8.3 Amortisation

The useful lives of intangible assets are assessed to be either finite or indefinite. The estimated useful lives of intangible assets with finite lives are as follows.

Asset class	Useful life
Computer software	5 years

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset

is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the profit or loss statement in the expense category consistent with the function of the intangible asset.

3.8.4 Derecognition

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.9 Fair valuation of biological assets

The entity recognize the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

Consumable biological assets, comprise of managed timber trees, are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41 - Agriculture. The cost is treated as approximation to the fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial.

The fair value of timber trees are measured using discounted cash flow method taking in to consideration the current market prices of the Sandalwood of the root per kg, applied to estimated Scented of Heart wood of a sandalwood tree at the maturity by an independent professional valuer.

The main variables in Discounted Cash Flow model concerns,

Variable	Comment
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each species. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition
Discount Rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.

NOTES TO THE FINANCIAL STATEMENTS

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of biological assets are included in the Statement of Profit or Loss for the period in which it arises.

3.10 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae:-

Finished goods and work-in-progress	- At the cost of direct materials, direct labor and an appropriate portion of factory overhead on normal operating capacity.
Raw materials	- At purchase cost on First in First (FIFO) basis
Goods in transit	- At actual cost

3.10.1 Provision for obsolete and slow-moving inventories

A provision for slow moving inventories is recognized based on the best estimates available to management on their future recovery. As Management uses present conditions and historical information as the basis to determine the future recoverability, actual future losses on inventories could vary from the allowance made in these financial statements.

Provision for Paint Items (Items with shelf-life)

The company makes a hundred percent (100%) provision when the inventory item exceeds its average shelf-life. The estimated lifespan of the paint items has been decided by the company's Research and Development team or specified by the original manufacturer.

Provision for non-paint Items (Items with no shelf-life)

Similarly, for the non-paint items (i.e. furniture, Paint Brushes, and Rollers, etc), the company makes a judgmental provision based on the nature and the aging bucket of the inventory category. The Management of the company decided the percentage of provision by consulting the internal technical experts advice based on the factors that may negatively impact the value of the inventory including the change in saleable condition, obsolesces, shrinkage etc.

3.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

3.11.1 Financial assets

a) Financial assets - Initial recognition and subsequent measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

b) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)

- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and amounts due from related parties.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group's financial assets at fair value through profit or loss include investment in quoted equity instruments and investment in unquoted equity instruments under other non-current financial assets.

c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

d) Impairment of financial assets

Further disclosure relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4
- Financial assets Notes 15.5 and 33
- Trade receivables, including contract assets Note 12.3

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.11.2 Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and amounts due to related parties.

b) Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss so designated at the initial date of recognition, and only if criteria of SLFRS 9 are satisfied. The group has not designated any financial liability at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.11.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if;

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.11.4 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 33.

3.12 Cash and cash equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

3.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the group of non-financial asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell or its value in use and

is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of non-financial assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The amount of impairment losses are recognized in the profit and loss during the reporting period.

3.14 Liabilities and provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Liabilities classified as current liabilities in the Statement of Financial Position are those obligations payable on demand or within one year from the reporting date.

3.15 Retirement benefit obligations

3.15.1 Defined contribution plans– Employees' provident fund & employees' trust fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka. The Company contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

3.15.2 Defined benefit plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 19. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The gratuity liability is not funded in the planned assets.

3.16 Taxation

3.16.1 Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income taxes relating to items recognized directly in Other Comprehensive Income are also recognized in Other Comprehensive Income and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.16.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognized directly in statement of other comprehensive income are also recognized in statement of other comprehensive income and not in the statement of profit or loss.

Deferred tax assets and liabilities are set off if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.16.3 Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable

Receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.17 Statement of profit or loss

For the purpose of presentation of the statement of profit or loss, the function of expenses method is adopted.

3.17.1 Revenue from contracts with customers

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes. The following specific recognition criteria are used for the purpose of recognition of revenue:

a) Goods transferred at a point in time

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. In relation to sales with local customers, this point is generally the delivery of goods, exports also take in to account the term related to each shipment of goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

b) Services transferred over time

The Group determines, at contract inception, whether it satisfies the performance obligation over time or at appoint in time. For each performance obligation satisfied over time, the Group recognises revenue over time, by using an output method to measure progress towards complete satisfaction of that performance obligation.

In determining the transaction price for the sale of goods and the services the Group considers the effects of variable consideration the existence of significant financing, non-cash considerations and consideration payable to customer (if any). However,

- The Group does not receive long-term advances from its customers for the services which entails a financing element.
- The period between the transfer of the promised service to the customer and when the customer pays for that good will be one year or less

c) Presentation and disclosure

As required for the financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to Note 22.1 for the disclosure on disaggregated revenue.

d) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

e) Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays

consideration before the Group transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Contact liabilities of the Group have been disclosed in the Note 22.2.

3.17.2 Other income**a) Dividends**

Dividend income is recognized when the shareholder's right to receive payment is established.

b) Rental income

Rental income is recognized on an accrual basis.

c) Gains and losses

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment and other non-current assets including investments are accounted for in the Statements of Profit or Loss, after deducting from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

d) Other income

Other income is recognized on an accrual basis.

3.17.3 Expenditure recognition

Expenses are recognized in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income.

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to statements of profit or loss in the year in which the expenditure is incurred.

3.17.4 Finance income and finance costs

Finance income comprises interest income on funds invested and gain arisen from the foreign exchange translation of financial assets and liabilities. Interest income is recognised based on the EIR in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and losses on hedging instruments that are recognised in the statement of profit or loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.17.5 Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset. The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with the in LKAS 23 - Borrowing Costs.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

3.18 Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements in conformity with SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulation, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and the complexity

of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on upon the likely timing and the level of future taxable profits together as with future tax planning strategies.

Fair valuation of consumer biological assets

The group measures consumable Biological Assets at fair value and changes in value being recognised in the statement of profit or loss. Fair valuation involves use of assumptions which are provided in Note 10.1. Such estimations are subject to significant uncertainties due to the sensitivity of assumptions used.

Employee benefit liability - Gratuity

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making

various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of long term Government Bonds (Treasury Bonds) corresponding to the average work life of the employees.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality

tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in Note 19.

Impairment losses on trade & other receivables

The Company reviews its individually significant Receivables at each reporting date to assess whether an impairment loss should be recorded in the Statement of Profit or Loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance. The Company applies a simplified approach in calculating ECLs for the impairment assessment, due to the adoption of SLFRS 09.

Receivables that have been assessed individually and found not to be impaired and all individually insignificant Receivables are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident.

The allowance for expected credit losses is disclosed in note 12.2.

Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

Others

Other information about judgments in applying accounting policies that have the most significant effect on the amounts recognized in

the financial statements are included in the following notes to these financial statements.

Accounting estimate/judgment	Notes
Going Concern	2.5
Useful lives of tangible and intangible assets	
Property, plant and equipment	3.6 and 6
Intangible assets	3.8 and 8
Valuation of inventories	3.10 and 11
Provision for obsolete and slow moving inventories	3.10.1
Provisions and contingencies	3.14 and 31.2

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Adoption of these amendments and interpretations will not have significant impact on the consolidated financial statements of the Group.

SLFRS 17 Insurance contracts

In 8 January 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued SLFRS 17 Insurance Contracts (SLFRS 17). SLFRS 17 was amended by Amendments to SLFRS 17 - Insurance Contracts, in 28 June 2021. SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on

NOTES TO THE FINANCIAL STATEMENTS

or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17. The Group does not expect to have a significant impact on the Group's financial statements on the adoption of this standard.

Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets : Onerous Contracts – Costs of Fulfilling a Contract

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

Amendments to LKAS 16 Property, Plant & Equipment : Proceeds before Intended Use

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendments to SLFRS 3 Business Combinations: Updating a reference to conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

6 PROPERTY, PLANT AND EQUIPMENT

6.1 Group

6.1.1 Gross carrying amounts

Year ended 31 March	Balance as at 01.04.2021 Rs.	Additions Rs.	Disposals Rs.	Translation difference Rs.	Balance as at 31.03.2022 Rs.
At cost					
Freehold					
Land	297,647,589	167,925,000	-	-	465,572,589
Office and factory buildings	953,266,630	17,693,914	-	-	970,960,544
Office equipment	33,422,278	5,010,800	-	197,595	38,630,673
Computers	43,092,149	15,250,764	(140,400)	1,252,177	59,454,690
Furniture and fittings	69,829,523	2,682,883	(220,000)	1,147,023	73,439,430
Motor vehicles	183,749,666	359,704	(37,057,902)	136,458	147,187,925
Store equipment	596,651	367,198	-	-	963,849
Signboards	3,247,400	1,543,920	-	-	4,791,320
Factory equipment	6,137,956	708,320	-	-	6,846,276
Lab equipment	12,069,164	13,258,429	-	-	25,327,594
Plant and machinery	223,332,801	20,332,985	(5,178,051)	22,365	238,510,100
	1,826,391,807	245,133,917	(42,596,353)	2,755,619	2,031,684,990
Leasehold					
Leasehold Improvements	21,442,923	6,010,862	-	-	27,453,785
	21,442,923	6,010,862	-	-	27,453,785
Total value of depreciable assets	1,847,834,730	251,144,779	(42,596,353)	2,755,619	2,059,138,775
In the course of construction					
Year ended 31 March	Balance as at 01.04.2021 Rs.	Incurred during the Rs.	Transfers Rs.	Translation difference Rs.	Balance as at 31.03.2022 Rs.
Capital work in progress	1,910,641	17,758,379	(4,482,195)	-	15,186,825
	1,910,641	17,758,379	(4,482,195)	-	15,186,825
Total gross carrying amount	1,849,745,371	268,903,157	(47,078,548)	2,755,619	2,074,325,599

6 PROPERTY, PLANT AND EQUIPMENT (Contd.)**6.1.2 Depreciation**

Year ended 31 March	Balance as at 01.04.2021 Rs.	Charge for the year Rs.	Disposals Rs.	Translation difference Rs.	Balance as at 31.03.2022 Rs.
At cost					
Freehold					
Office and factory buildings	123,895,721	18,091,677	-	-	141,987,398
Office equipment	9,620,566	7,310,921	-	204,877	17,136,365
Computers	16,172,866	13,131,042	(24,561)	1,168,651	30,447,998
Furniture and fittings	15,375,694	7,617,785	(64,611)	587,324	23,516,193
Motor vehicles	94,058,373	25,146,319	(30,355,770)	6,823	88,855,745
Store equipment	57,818	81,928	-	-	139,746
Signboards	1,398,867	1,079,323	-	-	2,478,190
Factory equipment	1,364,785	875,847	-	-	2,240,632
Lab equipment	4,851,274	3,958,372	-	-	8,809,646
Plant and machinery	45,234,780	31,310,082	(1,165,042)	7,348	75,387,151
	312,030,744	108,603,296	(31,609,984)	1,975,023	390,999,064
Leasehold					
Leasehold improvements	7,015,171	8,340,003	-	-	15,355,173
	7,015,171	8,340,003	-	-	15,355,173
Total depreciation	319,045,914	116,943,299	(31,609,984)	1,975,023	406,354,237

6.1.3 Net book values

As at 31 March	2022 Rs.	2021 Rs.
At cost		
Freehold		
Land	465,572,589	297,647,589
Office and factory buildings	828,973,146	829,370,909
Office equipment	21,494,308	23,801,712
Computers	29,006,693	26,919,283
Furniture and fittings	49,923,237	54,453,829
Motor vehicles	58,332,180	89,691,293
Store equipment	824,103	538,833
Signboards	2,313,130	1,848,533
Factory equipment	4,605,644	4,773,170
Lab equipment	16,517,948	7,217,890
Plant and machinery	163,122,949	178,098,021
	1,640,685,926	1,514,361,063
Leasehold		
Leasehold improvements	12,098,612	14,427,753
	12,098,612	14,427,753
In the course of construction		
Capital work in progress	15,186,825	1,910,641
	15,186,825	1,910,641
Total carrying amount of property, plant and equipment	1,667,971,362	1,530,699,457

- 6.1.4** During the financial year, the group acquired property, plant and equipment to the aggregate value of Rs. 264,420,962/- (2021 - Rs. 178,091,747/-). Cash payments amounting to Rs. 264,420,962/- (2021 - Rs.178,091,747/-) were made during the year for purchase of property, plant and equipment.
- 6.1.5** As at 31 March 2022, the group had fully depreciated assets still in use amounting to Rs. 45,852,489/- (2021-20,111,637).
- 6.1.6** In 2022, the Group sold property, plant, and equipment with a net carrying amount of Rs. 10,986,369/- (2021 - Rs. 10,651,624/-) for a cash consideration of Rs. 41,789,639/- (2021 - Rs. 42,851,490/-). The net gains on these disposals were recognised as part of other operating income in the statement of profit or loss.
- 6.1.7** The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign operations which are accounted for in foreign currencies and translated to the reporting currency at the balance sheet date.
- 6.1.8** There were no borrowing costs capitalised on interest-bearing loans and borrowings and lease liabilities by the Company on qualifying assets during the financial years 2021/2022 and 2020/2021.

6.2 Company

6.2.1 Gross carrying amounts

Year ended 31 March	Balance as at 01.04.2021 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31.03.2022 Rs.
At cost				
Freehold				
Land	297,647,589	167,925,000	-	465,572,589
Office and factory buildings	953,266,631	17,693,913	-	970,960,544
Office equipment	32,446,763	5,246,840	-	37,693,603
Computers	40,572,184	14,644,584	(140,400)	55,076,368
Furniture and fittings	62,997,257	2,800,373	(220,000)	65,577,630
Motor vehicles	183,452,566	-	(37,057,902)	146,394,664
Store equipment	596,651	367,198	-	963,849
Signboards	3,247,400	1,543,920	-	4,791,320
Factory equipment	5,244,175	708,320	-	5,952,495
Lab equipment	12,069,164	13,258,429	-	25,327,594
Plant and machinery	215,322,252	19,230,138	(5,178,051)	229,374,339
	1,806,862,632	243,418,715	(42,596,353)	2,007,684,994
Leasehold				
Leasehold improvements	21,442,924	6,010,862	-	27,453,786
	21,442,924	6,010,862	-	27,453,786
Total value of depreciable assets	1,828,305,556	249,429,577	(42,596,353)	2,035,138,780

6 PROPERTY, PLANT AND EQUIPMENT (Contd.)

In the course of construction	Balance as at 01.04.2021 Rs.	Incurred during the Rs.	Transfers Rs.	Balance as at 31.03.2022 Rs.
Capital work in progress	1,910,641	17,758,379	(4,482,195)	15,186,824
	1,910,641	17,758,379	(4,482,195)	15,186,824
Total gross carrying amount	1,830,216,197	267,187,956	(47,078,548)	2,050,325,604

6.2.2 Depreciation

Year ended 31 March	Balance as at 01.04.2021 Rs.	Charge for the year Rs.	Disposal Transfer Rs.	Balance as at 31.03.2022 Rs.
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At cost**Freehold**

Office and factory buildings	123,895,721	18,091,677	-	141,987,398
Office equipment	9,147,332	7,129,959	-	16,277,291
Computers	13,684,160	13,055,327	(24,561)	26,714,925
Furniture and fittings	9,846,078	7,395,019	(64,611)	17,176,486
Motor vehicles	93,761,273	25,128,334	(30,355,770)	88,533,837
Store equipment	57,818	81,928	-	139,746
Signboards	1,398,867	1,079,323	-	2,478,190
Factory equipment	524,736	824,021	-	1,348,757
Lab equipment	4,851,274	3,958,372	-	8,809,646
Plant and machinery	37,805,522	31,030,900	(1,165,042)	67,671,380
	294,972,781	107,774,859	(31,609,984)	371,137,657

Leasehold

Leasehold improvements	7,015,170	8,340,003	-	15,355,172
	7,015,170	8,340,003	-	15,355,172
Total depreciation	301,987,951	116,114,862	(31,609,984)	386,492,829

6.2.3 Net book values

As at 31 March	2022 Rs.	2021 Rs.
At cost		
Freehold		
Land	465,572,589	297,647,589
Office and factory buildings	828,973,146	829,370,910
Office equipment	21,416,312	23,299,431
Computers	28,361,443	26,888,024
Furniture and fittings	48,401,144	53,151,179
Motor vehicles	57,860,826	89,691,293
Store equipment	824,103	538,833
Signboards	2,313,130	1,848,533
Factory equipment	4,603,738	4,719,439
Lab equipment	16,517,948	7,217,890
Plant and machinery	161,702,959	177,516,730
	1,636,547,337	1,511,889,851
Leasehold		
Leasehold improvements	12,098,614	14,427,754
	12,098,614	14,427,754
In the course of construction		
Capital work in progress	15,186,824	1,910,641
	15,186,824	1,910,641
Total carrying amount of property, plant and equipment	1,663,832,775	1,528,228,246

6.2.4 During the financial year, the company acquired property, plant, and equipment to the aggregate value of Rs. 262,705,761 (2021 - Rs. 177,547,058/-). Cash payments amounting to Rs. Rs. 262,705,761/- (2021 - Rs. 177,547,058/-) were made during the year for purchase of property, plant and equipment.

6.2.5 As at 31 March 2022, the Company had fully depreciated assets still in use amounting to Rs. 33,312,845/- (2021 - Rs. 16,604,923/-).

6.2.6 In 2022, the company sold property, plant and equipment with a total net carrying amount of Rs. 10,986,369/- (2021 - Rs. 10,651,624/-) for a cash consideration of Rs. 41,789,639/- (2021 - Rs. 42,851,490). The net gains on these disposals were recognised as part of other operating income in the statement of profit or loss.

6.3 Value and ownership of freehold land and freehold buildings of the Group/Company

Location	Property	No. of Buildings	Extent	Carrying value Rs.
Thalawathugoda	Land	-	A-1, R-0, P4.83	243,898,999
	Building	01	63,246 Sq. ft	523,659,419
Kahathuduwa	Land	-	A-2, R-1, P-45.70	75,170,590
	Building	05	65,486 Sq. ft	247,410,535
Badulla	Land	-	A-0, R-1, P-32	4,000,000
Horana	Land	-	A-0, R2, P - 24.05	7,500,000
	Building	01	15,048 Sq. ft	18,955,899
Kaduvela	Land	-	A0, R1, P1.60	38,999,000
	Building	01	10,000 Sq. ft	20,739,059
Hokandara	Land	-	A-0, R-0, P - 10.10	25,755,000
	Building	01	4,000 Sq. ft	18,208,233
Ekala Land	Land	-	A0, R3, P30	70,249,000

NOTES TO THE FINANCIAL STATEMENTS

7 RIGHT-OF-USE ASSETS

Year ended 31 March	Group/ Company	
	2022 Rs.	2021 Rs.
Land and buildings		
Cost		
As at 1 April	53,028,347	53,028,347
New lease entered during the year	8,739,873	-
As at 31 March	61,768,220	53,028,347
Accumulated depreciation		
As at 1 April	27,507,550	8,637,605
Depreciation charge for the year	19,118,341	18,869,945
As at 31 March	46,625,891	27,507,550
Carrying value	15,142,330	25,520,797

8 INTANGIBLE ASSETS

8.1 Group

Year ended 31 March	Goodwill	Computer Software	2022	2021
	Rs.	Rs.	Rs.	Rs.
Cost				
At the beginning of the year	7,663,026	40,260,578	47,923,604	44,198,604
Acquisitions during the year	-	438,050	438,050	3,725,000
Effect of movements in exchange rates	-	393,200	393,200	-
At the end of the year	7,663,026	41,091,828	48,754,854	47,923,604
Amortization				
At the beginning of the year	-	25,443,495	25,443,495	20,041,665
Amortization for the year	-	5,309,354	5,309,354	5,401,830
Effect of movements in exchange rates	-	374,716	374,716	-
At the end of the year	-	31,127,566	31,127,566	25,443,495
Carrying value as at 31 March	7,663,026	9,964,262	17,627,288	22,480,109

8.2 Goodwill

The aggregate carrying amount of goodwill allocated to each CGU is as follows ;

As at 31 March	2022 Rs.	2021 Rs.
Brush Master (Private) Limited	7,663,026	7,663,026

8.3 Company

Year ended 31 March	Computer software	
	2022 Rs.	2021 Rs.
Cost		
At the beginning of the year	39,066,025	35,341,025
Acquisitions during the year	438,050	3,725,000
At the end of the year	39,504,075	39,066,025
Amortization		
At the beginning of the year	24,561,345	19,475,785
Amortization for the year	5,254,697	5,085,560
At the end of the year	29,816,043	24,561,345
Carrying value as at 31 March	9,688,032	14,504,680

9 INVESTMENT IN SUBSIDIARIES

As at 31 March	Number of shares		Holding		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Worldwide Resins & Chemicals (Private) Limited	1,000,000	1,000,000	100%	100%	10,000,000	10,000,000
JAT Global (Private) Limited	7,546,198	7,546,198	98.37%	98.37%	173,011,448	173,011,448
Brush Master (Private) Limited	281,944	281,944	55%	55%	40,000,000	40,000,000
JAT Exports (Private) Limited	10,587,236	10,587,236	100%	100%	105,872,360	105,872,360
JAT Exports DMCC	100	100	100%	100%	4,934,932	4,934,932
					333,818,740	333,818,740

10 CONSUMABLE BIOLOGICAL ASSETS

Year ended 31 March	Company/ Group	
	2022 Rs.	2021 Rs.
At the beginning of the year	58,120,344	49,241,160
Changes in fair value less costs to sell	10,456,704	8,879,184
At the end of the year	68,577,048	58,120,344

The Group's/ Company's biological assets consist of a Sandalwood plantation situated in the Village of Meegahakiula.

As at 31 March 2022, the Group / Company had 356 of immature sandalwood trees (2021: 356).

NOTES TO THE FINANCIAL STATEMENTS

10 CONSUMABLE BIOLOGICAL ASSETS (Contd.)

10.1 Valuation of biological assets

The fair value less costs to sell of sandalwood trees is determined based on estimates of yield, costs to incur until harvest, Cost of sells, expected Scented of heartwood content per a tree and market prices at harvest and Sandalwood quality. In 2022, Sandalwood's market price is estimated to Rs. 18,000/- per kilogram (2021: Rs. 18,000/- per kilogram). Significant unobservable inputs used in fair value measurements of sandalwood are the following:

As at 31 March	Company/ Group	
	2022	2021
Total number of Trees	356	356
Total number of Harvestable trees (12% allowance for death)	313	313
Harvest at maturity	313 @ 20 Kg	313 @ 20 Kg
Estimated scented of heartwood	6,260 Kg	6,260 Kg
Value at harvest (per Kg)	Rs. 18,000	Rs. 18,000
Discount rate	18%	18%
Number of years to maturity	3	4
Wood content per tree at maturity	20 Kg	20 Kg

10.2 Valuation processes

The Group / Company has an External Valuer (Mr. W. M. Chandrasena) that performs the valuation of biological assets. When considering the appropriate market prices for sandalwood to use, the valuer reviews available information, including: the age of trees, the maturity age of trees, the annual marginal increase in growth in the timber content, the number of years to harvest in case of trees for harvest, the timber content of immature trees at an estimated future harvestable date, estimate the current price of sandalwood of the root per kg at relevant date.

10.3 Sensitivity analysis

Sensitivity variation value at harvest (per Kg)

Net present value of the biological assets as appearing in the statement of financial position are very sensitive to the changes into the average sales prices applied. Simulations made for sandalwood trees show that an increase or decrease by 10% of the estimated future selling price while other variables remained unchanged, has the following effect on the net present value of biological assets:

	+10%	-10%
Sandalwood plantation (Rs.)	6,857,705	(6,857,705)

Sensitivity variation discount rate

Net present value of the biological assets as appearing in the statement of financial position are very sensitive to changes of the discount rate applied. Simulations made for sandalwood trees show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets:

	+1%	-1%
Sandalwood plantation (Rs.)	(1,712,736)	1,780,344

11 INVENTORIES

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Finished goods	1,302,542,545	839,939,424	1,216,803,482	747,080,222
Raw materials	918,750,695	651,777,860	872,739,694	629,078,742
Goods in transits	-	81,287	-	-
Work in progress	196,973,623	157,690,337	195,013,853	152,930,524
	2,418,266,862	1,649,488,908	2,284,557,029	1,529,089,488
Less: Provision for obsolete and slow moving inventories (Note 11.1)	(164,507,064)	(86,585,098)	(138,370,127)	(67,089,822)

2,253,759,798 1,562,903,810 2,146,186,902 1,461,999,666

11.1 Provision for obsolete and slow moving inventories

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
At the beginning of the year	86,585,098	67,324,368	67,089,822	53,439,794
Provision during the year	77,921,966	19,260,730	71,280,305	13,650,028
At the end of the year	164,507,064	86,585,098	138,370,127	67,089,822

12 TRADE AND OTHER RECEIVABLES

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade receivables-Others	3,286,935,794	2,640,240,866	3,012,708,393	2,232,917,852
Trade receivables-Related Parties (Note 12.1)	1,628,529,142	229,251,527	107,146,344	105,816,598
Trade receivables (Note 12.2)	4,915,464,936	2,869,492,393	3,119,854,737	2,338,734,450
Allowance for expected credit losses (Note 12.3)	(202,011,655)	(100,120,366)	(169,673,587)	(74,053,342)
	4,713,453,281	2,769,372,027	2,950,181,149	2,264,681,108
Other receivables	71,090,058	66,944,739	195,117,904	50,565,813
	4,784,543,338	2,836,316,766	3,145,299,054	2,315,246,921

12.1 Trade receivables - Related parties

As at 31 March	Relationship	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
JAT Exports (Pvt) Ltd	Subsidiary	-	-	42,389,036	51,727,242
JAT Holdings Bangladesh (Pvt) Ltd	Affiliate	1,550,343,864	158,721,687	-	-
JAT Tradings (Pvt) Ltd	Affiliate	53,781,536	36,529,201	53,781,536	36,529,201
Brush Master (Pvt) Ltd	Subsidiary	-	-	1,889,536	3,699,619
Alpha Delta Coatings (Pvt) Ltd	Affiliate	15,317,506	20,510,364	-	-
96 Developments (Pvt) Ltd	Affiliate	9,086,236	13,490,275	9,086,236	13,490,275
Worldwide Resins & Chemicals (Pvt) Ltd	Subsidiary	-	-	-	370,261
		1,628,529,142	229,251,527	107,146,344	105,816,598

12.2 Trade receivables

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade debtors - Local	2,808,821,946	2,027,061,569	2,683,123,520	1,926,074,400
Project debtors	382,951,624	375,982,314	382,951,624	375,982,313
Export debtors	1,723,691,366	466,448,510	53,779,593	36,677,737
Total	4,915,464,936	2,869,492,393	3,119,854,737	2,338,734,450

NOTES TO THE FINANCIAL STATEMENTS

12 TRADE AND OTHER RECEIVABLES (Contd.)

12.3 Allowance for expected credit losses

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.

Movement in allowance for expected credit losses

Balance at the beginning of the year	100,120,366	81,650,879	74,053,342	65,058,536
Provision for the year	115,922,097	57,474,681	109,651,053	48,000,000
Written off during the year	(14,030,808)	(39,005,194)	(14,030,808)	(39,005,194)
Balance at the year end	202,011,655	100,120,366	169,673,587	74,053,342

The Group adopted Expected Credit Loss (ECL) approach for the impairment of its financial assets. This enables better credit risk reporting of financial instruments by carrying reasonably quantified default risk adjusted value of assets in the balance sheet and minimising the timing difference in recognition of future default loss.

13 ADVANCES AND PREPAYMENTS

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Advances - Related parties (Note 13.1)	17,726,834	-	17,726,834	-
- Advance paid for investment properties (Note 13.2)	142,421,669	142,421,669	142,421,669	142,421,669
- others	758,013,137	75,638,218	718,101,300	68,970,398
Prepayments	11,530,896	10,344,895	8,726,571	6,963,862
	929,692,537	228,404,783	886,976,374	218,355,929
Current advances and prepayments	787,270,868	85,983,114	744,554,705	75,934,260
Non-current advances - Advance paid for investment properties	142,421,669	142,421,669	142,421,669	142,421,669

13.1 Advances -Related parties

As at 31 March	Relationship	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Bileeta (Pvt) Ltd	Affiliate	17,726,834	-	17,726,834	-
		17,726,834	-	17,726,834	-

13.2 Advance paid for investment properties

The Group/Company has paid advances to acquire two condominium apartments at Altair Residencies, Colombo 02. The Group/Company has a contractual obligation to pay the balance payments to the developer based on a billing schedule on completion of transfer the ownership to the Group/Company.

13.2.1 Movement in advance paid for investment properties

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
At the beginning of the year	142,421,669	94,196,239	142,421,669	94,196,239
Incurred during the year	-	48,225,430	-	48,225,430
At the end of the year	142,421,669	142,421,669	142,421,669	142,421,669

14 RELATED PARTY TRANSACTIONS

Refer Note 3.3.1 for effective equity holding percentages and other key information's of Group entities.

Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of the business on an arm's length basis at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures'.

Outstanding current account balances at the year end are unsecured, charged with weighted average cost of debt rate, and settlements occur in cash.

The details of guarantees provided to the banks on behalf of related parties are disclosed in Note 31.2.

Disclosure as per the requirement of the Colombo Stock Exchange Listing Rule Section 9.3.2 (a) and 9.3.2 (b) is on page 100 - Annual Report of the Board of Directors on the Affairs of the Company.

14.1 Amounts due from related parties

As at 31 March	Relationship	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Solid Land Developments (Pvt) Ltd	Affiliate	4,138,530	14,409,025	4,138,530	14,409,025
JAT Trading (Pvt) Ltd	Affiliate	14,588,000	14,588,000	14,588,000	14,588,000
Securitech Systems (Pvt) Ltd	Affiliate	27,207,736	27,207,736	27,207,736	27,207,736
Worldwide Resins & Chemicals (Pvt) Ltd	Subsidiary	-	-	598,023	6,818,573
JAT Exports DMCC	Subsidiary	-	-	281,220,504	168,419,581
Asia Coatings (Pvt) Ltd	Subsidiary	-	-	24,012,500	-
Key management personnel		15,466,305	14,613,273	15,466,305	14,613,273
		61,400,571	70,818,034	367,231,598	246,056,188

Trade nature related party receivables are disclosed in note 12.1.

14.2 Amounts due to related parties

As at 31 March	Relationship	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
JAT Holdings Bangladesh (Pvt) Ltd	Affiliate	4,607,375	-	-	-
Key management personnel		-	91,617	-	-
		4,607,375	91,617	-	-

Trade nature related party payables are disclosed in note 21.1

NOTES TO THE FINANCIAL STATEMENTS

14 RELATED PARTY TRANSACTIONS (Contd.)**14.3 Related party disclosures**

Details of significant related party transactions are as follows;

14.4 Transactions with subsidiaries

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade sales	277,744,717	70,885,810	-	-
Trade purchases	(126,590,010)	(104,475,467)	-	-
Settlements and net fund transfers	(330,879,366)	(14,281,032)	-	-
Expenses incurred on behalf of subsidiaries	162,982,321	78,097,393	-	-
Dividend income	172,519,531	97,446,120	-	-
Other service income	7,776,000	7,776,000	-	-
Other service expenses	(7,872,708)	(6,845,829)	-	-
Interest charged	2,925,339	1,692,638	-	-
Net loan granted	38,060,700	22,761,799	-	-

14.5 Transactions with affiliates *

Trade sales	14,616,106	7,550,923	1,640,920,104	44,362,029
Other purchases	(9,510,889)	(21,102,410)	(9,510,889)	(21,102,410)
Settlements and net fund transfers	39,222,726	(4,246,430)	(618,170,587)	(467,975,608)
Expenses incurred on behalf of other related parties	5,023,331	6,117,359	5,023,331	6,117,359
Trade purchases	(46,299,534)	-	(46,299,534)	-

* Affiliate Companies include: JAT Holdings Bangladesh (Pvt) Ltd, Solid Land Developments (Pvt) Ltd, JAT Trading (Pvt) Ltd, Securitech Systems (Pvt) Ltd, JAT Property Group (Pvt) Ltd, A Plus Technologies (Pvt) Ltd, JAT Trading (Pvt) Ltd, Flexoplan Building (Pvt) Ltd, Alpha Delta Coatings (Pvt) Ltd, Beleeta (Pvt) Ltd, and 96 Development (Pvt) Ltd.

14.6 Transactions with key management personnel

The key management personnel of the Company are the members of its Board of Directors. There are no transaction with such KMP and their close family members, other than mentioned below.

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Short-term employee benefits	106,278,286	66,606,564	87,276,076	66,606,564
Ordinary shares buy back	-	57,121,880	-	57,121,880
Proceeds for the disposal of property, plant and equipment	25,075,000	-	25,075,000	-

Loans to directors

No loans have been granted to the Directors of the Company/ Group

Other transactions with key management personnel

Details of Directors' shareholdings are given in the share information on page 169.

There are no other transactions with key management personnel and their spouses' other than those disclosed above.

15 SHORT TERM FINANCIAL ASSETS

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.

Equity instruments designated at fair value through profit or loss

Listed equity investments (Note 15.1)	38,663,838	2,905,000	38,663,838	2,905,000
Unquoted equity investments	-	2,500,000	-	2,500,000
Investment in money market funds (Note 15.2)	815,428,909	211,401,590	815,428,909	211,401,590

Other financial assets at amortized cost

Investment in fixed deposits (Note 15.3)	187,814,904	-	-	-
Investment in treasury bills	14,591,959	-	14,591,959	-
	1,056,499,610	216,806,590	868,684,706	216,806,590

15.1 Investment in quoted securities - Group/ Company

Year ended 31 March	No. of shares		Market value	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Tokyo Cement Company (Lanka) PLC	107,000	30,000	3,627,300	2,007,000
Expo Lanka Holdings PLC	50,009	20,000	10,389,370	898,000
Lanka Walltile PLC	36,100	-	2,516,170	-
Sunshine Holdings PLC	75,000	-	2,745,000	-
Lanka Tiles PLC	40,000	-	2,388,000	-
Watawala Plantations PLC	13,375	-	1,247,888	-
Access Engineering PLC	148,000	-	2,220,000	-
Elpitiya Plantations PLC	5,800	-	437,900	-
Hayleys PLC	70,390	-	5,412,991	-
LOLC Holdings PLC	3,612	-	2,158,170	-
Central Finance Company PLC	44,500	-	3,030,450	-
LB Finance PLC	28,200	-	1,635,600	-
ACL Cables PLC	15,000	-	855,000	-
			38,663,838	2,905,000

15.2 Investment in unquoted equity securities - Group/ Company

As at 31 March	Number of shares		Carrying values	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Non-quoted equity investments	-	5,000	-	2,500,000
JAT- Sino Agri (Pvt) Ltd			-	2,500,000

15.3 Investment in money market funds

As at 31 March	Credit Rating	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
First Capital Holdings PLC	[SL] A	-	61,253,644	-	61,253,644
Commercial Bank of Ceylon PLC	AA-(lka)	-	150,147,945	-	150,147,945
Capital Alliance Investments Limited	Af(lka)	815,428,909	-	815,428,909	-
		815,428,909	211,401,590	815,428,909	211,401,590

NOTES TO THE FINANCIAL STATEMENTS

15 SHORT TERM FINANCIAL ASSETS (Contd.)

15.4 Investment in fixed deposits

Year ended 31 March	Credit Rating	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Commercial Bank of Ceylon PLC	AA-(Ika)	187,814,904	-	-	-
		187,814,904	-	-	-

15.5 Impairment of investments in fixed deposits and money market funds

Management has assessed the provision of impairment of fixed deposits and money market funds by considering the credit ratings of these institutions and considering other economic factors and concluded that the resulting impairment provision is immaterial to the financial statements.

16 CASH AND CASH EQUIVALENTS

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.

16.1 Favourable cash and cash equivalent balances

Cash and bank balances	249,292,165	253,184,226	147,744,134	88,884,475
Short term deposits (3 months maturity period)	439,537,686	241,099,344	400,148,137	127,470,838
	688,829,851	494,283,570	547,892,271	216,355,313

16.2 Unfavourable cash and cash equivalent balances

Bank overdrafts (Note 18)	(85,984,415)	(3,891,990)	(47,003,641)	(1,673,586)
Total cash and cash equivalents for the purpose of cash flow statement	602,845,436	490,391,580	500,888,630	214,681,727

17 STATED CAPITAL

Company / Group	2022		2021	
	Number of shares	Rs.	Number of shares Rs.	Rs.

Issued and fully-paid - ordinary shares

Balance at the beginning of the year	454,593,073	918,770,013	457,261,073	918,770,013
Share buy back	-	-	(2,668,000)	-
Issue of shares	55,814,700	1,506,996,900	-	-
Transaction costs for issued share capital	-	(30,545,593)	-	-
Balance at the end of the year	510,407,773	2,395,221,320	454,593,073	918,770,013

The company has issued fifty five million eight hundred and fourteen thousand seven hundred (55,814,700) new ordinary voting shares each at Rs. 27/- to the general public on 30 July 2021 by way of an offer for subscription and twenty seven million ninety thousand one hundred and forty Six (27,090,146) ordinary voting shares as offer for sale in the Colombo Stock Exchange and the listing of up to five hundred ten million and four hundred seven thousand seven hundred and seventy three (510,407,773) ordinary voting shares.

18 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.

Other financial liabilities**Current interest bearing loans and borrowings**

Bank loans (Note 18.1)	1,174,370,269	479,103,046	1,154,748,169	453,810,069
Lease liabilities (Note 18.2)	15,091,157	20,051,973	15,091,157	20,051,973
Bank overdrafts (Note 16)	85,984,415	3,891,990	47,003,641	1,673,586
	1,275,445,841	503,047,009	1,216,842,967	475,535,629

Non-current interest bearing loans and borrowings

Lease liabilities (Note 18.2)	2,265,966	10,292,086	2,265,966	10,292,086
Bank loans (Note 18.1)	11,322,125	19,147,649	-	-
	13,588,091	29,439,735	2,265,966	10,292,086
Total Interest bearing loans and borrowings	1,289,033,932	532,486,743	1,219,108,933	485,827,715

18.1 Bank loans

Group	As at 01.04.2021 Rs.	Loan obtained Rs.	Repayment Rs.	Exchange rate adjustments Rs.	As at 31.03.2022 Rs.	Current Rs.	Non-current Rs.
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Short term loans

People's Bank	200,000,000	450,000,000	(450,000,000)	-	200,000,000	200,000,000	-
Commercial Bank of Ceylon PLC	50,000,000	600,000,000	(200,000,000)	-	450,000,000	450,000,000	-
Standard Chartered	-	250,000,000	(200,000,000)	-	50,000,000	50,000,000	-

Import loans

Hatton National Bank PLC	10,510,056	146,100,073	(108,602,854)	4,646,149	52,653,424	52,653,424	-
Commercial Bank of Ceylon PLC	193,300,013	2,152,641,017	(1,979,710,301)	-	366,230,729	366,230,729	-
Standard Chartered	-	124,880,151	(89,016,135)	-	35,864,015	35,864,015	-

Term loans

Commercial Bank of Ceylon PLC	44,440,625	-	(13,496,400)	-	30,944,225	19,622,100	11,322,125
	498,250,694	3,723,621,241	(3,040,825,691)	4,646,149	1,185,692,394	1,174,370,269	11,322,125

Company	As at 01.04.2021 Rs.	Loan obtained Rs.	Repayment Rs.	Exchange rate adjustments Rs.	As at 31.03.2022 Rs.	Current Rs.	Non-current Rs.
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Short term loans

People's Bank	200,000,000	450,000,000	(450,000,000)	-	200,000,000	200,000,000	-
Commercial Bank of Ceylon PLC	50,000,000	600,000,000	(200,000,000)	-	450,000,000	450,000,000	-
Standard Chartered	-	250,000,000	(200,000,000)	-	50,000,000	50,000,000	-

Import loans

Hatton National Bank PLC	10,510,056	146,100,073	(108,602,854)	4,646,149	52,653,424	52,653,424	-
Commercial Bank of Ceylon PLC	193,300,013	1,995,883,689	(1,822,952,973)	-	366,230,729	366,230,729	-
Standard Chartered	-	124,880,151	(89,016,135)	-	35,864,015	35,864,015	-
	453,810,069	3,566,863,913	(2,870,571,962)	4,646,149	1,154,748,169	1,154,748,169	-

NOTES TO THE FINANCIAL STATEMENTS

18 INTEREST BEARING LOANS AND BORROWINGS (Contd.)

18.2 Lease liabilities

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
As at 01 April	30,344,058	43,581,249	30,344,058	43,581,249
Lease entered during the year	6,319,873	-	6,319,873	-
Accretion of interest	2,395,930	4,266,713	2,395,930	4,266,713
Adjustment on temporary concessions	(8,607,890)	(5,948,177)	(8,607,890)	(5,948,177)
Payments made	(13,094,848)	(11,555,726)	(13,094,848)	(11,555,726)
As at 31 March	17,357,123	30,344,058	17,357,123	30,344,058
Current lease liabilities	15,091,157	20,051,973	15,091,157	20,051,973
Non-current lease liabilities	2,265,966	10,292,086	2,265,966	10,292,086

18.2.1 Total amount recognised in profit or loss

The following are the amounts recognised in profit or loss:

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Depreciation expense of right-of-use assets	19,118,341	18,869,945	19,118,341	18,869,945
Interest expense on lease liabilities	2,395,930	4,266,713	2,395,930	4,266,713
Temporary concessions	(8,607,890)	(5,948,177)	(8,607,890)	(5,948,177)
Total amount recognised in profit or loss	12,906,381	17,188,480	12,906,381	17,188,480

The Group had total cash outflows for leases of Rs. 13,094,848/- in 2022 (2021: Rs. 11,555,726/-). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 35.3 (Maturity Note.)

18.3 Nature and repayment terms of the facilities

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Carrying value of facility	
				2022 Rs.	2021 Rs.
JAT Holdings PLC					
Standard Chartered Bank	Short term loan (revolving)	Respective AWPLR+0.2%	90 days from the granted date	50,000,000	-
	Import loan	Respective AWPLR	Up to 180 days	35,864,015	-
	Overdraft	Respective AWPLR+0.2%	On demand	34,827,718	-
Commercial Bank of Ceylon PLC	Short term loan (revolving)	AWPLR (reviewed monthly)	Within 90 days	50,000,000	50,000,000
	Short term loan (non-revolving)	AWPLR (reviewed monthly)	Within 90 days	400,000,000	-
	Import loan	AWPLR (reviewed monthly)	Within 120 days	366,230,730	193,300,014
	Overdraft	AWPLR (reviewed monthly)	On demand	-	-
Hatton National Bank PLC	Import loan	AWPLR+0.25% (Weekly review)	Within 90 days	9,149,441	10,510,000
	One off import loan (USD)	03M LIBOR USD + 4%	Within 120 days	43,503,927	-

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Carrying value of facility	
				2022 Rs.	2021 Rs.
Peoples Bank	Short term loan (revolving)	AWPLR+0.5% (weekly review)	Within 120 days	200,000,000	200,000,000
	Overdraft	AWPLR+0.5% (weekly review)	On demand	305,519	-
Brush Master (Pvt) Ltd					
Commercial Bank of Ceylon PLC	Term loan	AWPLR+1.5% (reviewed monthly)	In 48 equal monthly installments	5,990,625	9,540,625
	Working capital term loan	4% p.a (fixed rate)	1st Installment 586,000/-, 21 Equal Installment of Rs.373,300 & Final Installment 374,100	5,973,600	8,800,000
	Working capital term loan	4% p.a (fixed rate)	25 equal monthly installment of Rs. 500,000/-	9,500,000	12,500,000
Worldwide Resins & Chemicals (Pvt) Ltd					
Commercial Bank of Ceylon PLC	Import Loan	AWPLR+0.5%	Within 120 days	-	-
	Overdraft	AWPLR+0.5%	On Demand	-	-
	Working capital term loan	4% p.a (fixed rate)	25 equal monthly installment of Rs. 280,000/-	5,320,000	7,000,000
	Working capital term loan	4% p.a (fixed rate)	02 Installments of Rs.440,000/-, 22 equal installments of Rs.260,000/-	4,160,000	6,600,000

18.2 Assets pledged

The following assets have been pledged as security for above liabilities:

The following assets have been pledged as security for above facilities:				
Lender	Nature of facility	Nature of the collateral	Carrying value of asset pledged	
			2022	2021
JAT Holdings PLC				
Standard Chartered Bank	Import letters of credit	Primary mortgage over stocks at Logiwiz and Advantis Logistic Hub & book debtors		
	Short term loans			
	Overdraft			
	Import loan		Rs.375 Mn	Rs.742 Mn
	Shipping guarantees		Euro 1 Mn	
	Bond & guarantees			
	Financial guarantees/SBLC			
Commercial Bank of Ceylon PLC	Overdraft	Lien over savings deposit	Rs.18.88 Mn	Rs.9.5 Mn
	Letters of credit	Mortgage over Property at Thalawathugoda	Rs.572 Mn	Rs.318 Mn
	Revolving short term loan	Insurance policy over property at Thalawathugoda		
	Advance document release	Documents of title over goods Imported	Rs.71 Mn	Rs.71 Mn
	Shipping guarantee facility	Duly accepted drafts	Rs.60 Mn	Rs.60 Mn
	Non revolving short term loan		Rs.225 Mn	-
National Development Bank PLC	Stand by letter of credit	Primary mortgage over stocks & book debts	Rs.616Mn	Rs.616Mn
	Import loan			
	Pre export finance			

NOTES TO THE FINANCIAL STATEMENTS

19 RETIREMENT BENEFIT OBLIGATION

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 01 April	57,308,540	46,338,309	56,079,631	45,624,470
Current service cost	6,774,168	6,992,041	6,473,281	6,531,080
Interest cost	4,299,954	4,616,556	4,250,836	4,562,447
Actuarial (gain)/loss arising from changes in assumptions	(2,217,911)	605,477	(1,725,326)	605,477
Payments made during the year	(2,276,455)	(1,243,843)	(2,165,164)	(1,243,843)
As at 31 March	63,888,296	57,308,540	62,913,258	56,079,631

19.1 Following amount are recognized in profit or loss and other comprehensive income during the year in respect of the retirement benefit obligation.

Expense recognized in profit or loss

Current service cost	6,774,168	6,992,041	6,473,281	6,531,080
Interest cost	4,299,954	4,616,556	4,250,836	4,562,447
	11,074,121	11,608,597	10,724,117	11,093,527

Actuarial gains and losses recognized directly in OCI

Recognized during the period	(2,217,911)	605,477	(1,725,326)	605,477
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Messrs. Actuarial and Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2022. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The liability is not externally funded.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation and the current service cost.

19.2 The principal assumptions used in determining defined benefit obligation are shown below

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Discount rate	14%	7.58%	14%	7.58%
Salary increment	13%	8%	13%	8%
Staff turnover	16% - 18%	18%	18%	18%
Retirement age	60 years	50-55 years	60 years	50-55 years

Assumptions regarding future mortality are based on A 1967/70 mortality table, issued by the Institute of Actuaries, London.

19.3 Sensitivity of assumptions employed in actuarial valuation

Values appearing in the financial statements are very sensitive to the changes in financial and non financial assumptions used.

A Sensitivity analysis was carried out as follows,

As at 31 March	2022		2021	
	Effect on comprehensive income increase / (reduction) Rs.	Effect on employee benefit obligation increase / (reduction) in the liability Rs.	Effect on comprehensive income increase / (reduction) Rs.	Effect on employee benefit obligation increase / (reduction) in the liability Rs.

19.3.1 Group

Increase/(decrease) in discount rate	+ 1 %	2,665,384	(2,665,384)	1,918,463	(1,918,463)
	- 1 %	(2,888,631)	2,888,631	(2,087,984)	2,087,984
Increase/ (decrease) in salary increment	+ 1 %	(3,131,882)	3,131,882	(2,272,323)	2,272,323
	- 1 %	2,935,397	(2,935,397)	2,125,965	(2,125,965)

19.3.2 Company

Increase/ (decrease) in discount rate	+ 1 %	2,616,927	(2,616,927)	1,877,324	(1,877,324)
	- 1 %	(2,835,092)	2,835,092	(2,043,210)	2,043,210
Increase/ (decrease) in salary increment	+ 1 %	(3,074,103)	3,074,103	(2,223,596)	2,223,596
	- 1 %	2,882,282	(2,882,282)	2,080,376	(2,080,376)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

19.4 The following are the expected payments to the defined benefit plan in future years

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Within the next 12 months	8,273,039	23,008,075	8,153,942	22,813,185
Between 2 and 5 years	40,186,884	19,934,896	39,719,748	19,889,079
Between 5 and 10 years	9,828,326	9,482,041	9,560,786	9,452,041
Beyond 10 years	5,600,047	4,883,528	5,478,783	3,925,326
Total expected payments	63,888,296	57,308,540	62,913,258	56,079,631

19.5 The Group weighted average duration of the defined benefit plan obligation at the end of the reporting period is 4.91 years (2021: 3.71 years).

20 DEFERRED TAX LIABILITIES

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
At the beginning of the year	-	19,182,904	-	19,182,904
Amount origination/ (reversal) of temporary differences				
- Recognised in profit or loss				
Accelerated depreciation for tax purposes	(30,805,696)	(30,961,905)	(30,805,696)	(30,961,905)
Biological assets	4,923,621	490,428	4,923,621	490,428
Retirement benefit obligation	913,979	(538,945)	913,979	(538,945)
Provision for doubtful debts	(4,668,353)	443,588	(4,668,353)	443,588
Provision for obsolete and slow moving inventories	(4,670,261)	(1,138,415)	(4,670,261)	(1,138,415)
Right-of-use assets	847,512	730,301	847,512	730,301
Carried forward business losses	47,552,048	11,937,359	47,552,048	11,937,359
- Recognised in other comprehensive income				
Actuarial gains and losses on defined benefit plans	241,546	(145,314)	241,546	(145,314)
At the end of the year	14,334,396	-	14,334,396	-

NOTES TO THE FINANCIAL STATEMENTS

20 DEFERRED TAX LIABILITIES (Contd.)

20.1 Net deferred tax asset/liability on each temporary difference which were recognized in the financial statements are disclosed below.

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred tax liability				
Capital allowances for tax purpose	53,262,943	84,096,498	53,262,943	84,096,498
Consumable biological assets	16,898,083	11,974,463	16,898,083	11,974,463
Deferred tax assets				
Right-of-use assets	(310,071)	(1,157,583)	(310,071)	(1,157,583)
Expected credit losses	(22,441,155)	(17,772,802)	(22,441,155)	(17,772,802)
Retirement benefit obligation	(12,303,587)	(13,459,112)	(12,303,587)	(13,459,112)
Provision for obsolete and slow moving inventories	(20,771,818)	(16,101,557)	(20,771,818)	(16,101,557)
Carried forward business losses	-	(47,552,048)	-	(47,552,048)
	14,334,396	-	14,334,396	-

21 TRADE AND OTHER PAYABLES

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade payables- Others	1,717,614,227	613,283,555	753,640,991	322,547,528
Related parties (Note 21.1)	-	-	21,085,982	18,320,498
	1,717,614,227	613,283,555	774,726,973	340,868,026
Other payables	581,301,178	458,145,552	571,650,100	424,216,023
Contract liabilities	44,611,164	48,482,258	42,200,972	48,482,258
Sundry creditors including accrued expenses	69,716,629	7,427,864	12,638,828	7,427,863
	2,413,243,197	1,127,339,229	1,401,216,873	820,994,170

21.1 Trade Payables - Related parties

As at 31 March	Relationship	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Brush Masters (Pvt) Ltd	Subsidiary	-	-	20,553,980	18,320,498
Worldwide Resins & Chemicals (Pvt) Ltd	Subsidiary	-	-	532,002	-
		-	-	21,085,982	18,320,498

22 REVENUE FROM CONTRACTS WITH CUSTOMERS

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Local sales	6,503,852,076	4,554,151,275	6,285,988,730	4,325,422,268
Export sales	2,018,097,546	618,054,189	-	-
Project sales	374,858,495	187,304,726	374,858,495	187,304,726
	8,896,808,118	5,359,510,190	6,660,847,225	4,512,726,994

22.1 Disaggregation of revenue

a) Based on the nature of the product sold

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Wood coatings	6,177,200,350	3,845,109,362	4,167,459,064	3,189,319,391
Paints, chemicals and other products	1,881,288,605	1,006,303,713	1,655,068,999	815,310,488
Brushes	402,471,779	280,472,199	402,471,779	280,472,199
Furnitures	60,988,887	40,320,190	60,988,887	40,320,190
Finishing and furnishing projects	374,858,495	187,304,726	374,858,495	187,304,726
	8,896,808,118	5,359,510,190	6,660,847,225	4,512,726,994

Wood coatings

This segment focuses on importing and manufacturing of a range of water based and polyurethane based wood coatings solutions and sand papers. Revenue is recognized at the point of time when the control of the asset is transferred to the customer, which is generally upon delivery of the goods. Revenue is measured based on actual sales, and therefore the output method is used for revenue recognized.

Paints, chemicals and other products

This segment focuses on manufacturing of emulsion paints, resins, chemicals and other industrial solutions. Revenue is recognized at the point of time when the control of the asset is transferred to the customer, which is generally upon delivery of the goods. Revenue is measured based on actual sales, and therefore the output method is used for revenue recognized.

Brushes

This segment focuses on manufacturing of brushes, rollers and handlers and other paint and wood coating application solutions. Revenue is recognized at the point of time when the control of the asset is transferred to the customer, which is generally upon delivery of the goods. Revenue is measured based on actual sales, and therefore the output method is used for revenue recognized.

Furnitures

This segment focuses on importing of chairs, work stations, tables, cupboards, Sofas, Coffee machines, shades and other office and domestic furnishing solutions. Revenue is recognized at the point of time when the control of the asset is transferred to the customer, which is generally upon delivery of the goods. Revenue is measured based on actual sales, and therefore the output method is used for revenue recognized.

Finishing and furnishing projects

This segment focus on undertaking of domestic and industrial finishing, furnishing and development projects.

At inception of the contract, the entity determines whether it satisfies the performance obligation over time or at a point in time. Timing and amount of cash flow will be determined according to the agreement.

b) Based on the geographical locations of the customers

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Sri Lanka	6,866,989,757	4,696,253,194	6,660,847,225	4,512,726,994
India	33,214,672	99,432,930	-	-
Bangladesh	1,965,795,901	540,964,597	-	-
Maldives	26,095,212	6,340,000	-	-
Others	4,712,575	16,519,469	-	-
	8,896,808,118	5,359,510,190	6,660,847,225	4,512,726,994

NOTES TO THE FINANCIAL STATEMENTS

22 REVENUE FROM CONTRACTS WITH CUSTOMERS (Contd.)

c) Revenue from contract with customers

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Goods transferred at a point of time	8,521,949,623	5,172,205,464	6,285,988,730	4,325,422,268
Services transferred over time	374,858,495	187,304,726	374,858,495	187,304,726
	8,896,808,118	5,359,510,190	6,660,847,225	4,512,726,994

22.2 Contract balances

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade receivables (Note 12)	4,713,453,281	2,769,372,027	2,950,181,149	2,264,681,108
Contract liabilities (Note 21)	44,611,164	48,482,258	42,200,972	48,482,258

Contract liabilities include short term advances received for the finishing and furnishing projects.

23 OTHER INCOME

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Sundry income	5,797,067	2,597,266	10,199,138	8,597,266
Rent income	-	-	1,200,000	1,200,000
Dividend income from equity instruments	4,978,879	170,500	177,498,410	97,616,619
Changes in fair value of biological assets	10,456,704	8,879,184	10,456,704	8,879,184
Changes in fair value of investment properties	-	1,196,000	-	1,196,000
Changes in fair value of financial assets	6,305,004	1,606,148	6,305,004	1,606,148
Temporary concession of right-of-use assets	8,607,890	5,948,177	8,607,890	5,948,177
Gain on disposal of property, plant, and equipment	30,803,270	32,199,866	30,803,270	32,199,866
	66,948,815	52,597,141	245,070,416	157,243,260

24 FINANCE COST

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Interest expenses on bank overdrafts	9,809,918	9,012,016	9,287,709	8,281,036
Interest expenses on import loans	30,778,806	41,446,000	27,619,687	39,620,749
Interest expenses on lease liabilities	2,395,930	4,266,713	2,395,930	4,266,713
Interest expenses on bank loans	21,946,779	12,786,366	21,137,844	7,651,152
Foreign exchange loss	-	15,445,272	-	13,671,225
	64,931,434	82,956,367	60,441,170	73,490,875

25 FINANCE INCOME

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Interest income	47,714,950	24,712,373	50,135,843	21,007,911
Foreign exchange gain	88,972,881	17,869,441	7,912,937	-
	136,687,832	42,581,814	58,048,781	21,007,911

26 PROFIT BEFORE TAX

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.

Include in cost of sales

Employees benefits including the following				
- Defined contribution plan costs - EPF & ETF	7,039,259	5,687,140	6,232,618	5,009,393
- Other staff cost	119,496,805	66,376,168	89,624,047	57,557,455
Depreciation of property, plant and equipment	36,944,150	38,677,077	36,596,709	37,588,110

Included in administrative expenses

Employees benefits including the following				
- Defined contribution plan costs - EPF & ETF	12,946,060	9,170,898	11,873,726	8,736,174
- Other staff cost	243,955,150	167,195,130	203,819,676	160,950,350
Depreciation of property, plant and equipment	45,102,152	39,339,587	45,102,152	34,856,940
Amortization of intangible assets	5,309,354	5,217,654	5,254,697	5,085,560
Auditors remuneration	3,009,840	2,163,200	800,000	660,000
Impairment of obsolete stocks	77,921,966	19,260,730	71,280,305	13,650,028
Donations	1,262,129	388,584	1,262,129	388,584

Included in selling & distribution expenses

Employees benefits including the following				
- Defined benefit plan costs	11,074,121	11,608,597	10,724,117	11,093,527
- Defined contribution plan costs - EPF & ETF	15,801,462	13,932,108	15,443,537	13,603,455
- Other staff cost	345,893,776	178,103,633	330,272,841	178,103,633
Allowance for expected credit loss	115,922,097	57,305,256	109,651,053	73,098,055
Depreciation of property, plant and equipment	34,547,660	37,079,077	34,547,660	37,079,077
Depreciation of right-of-use assets	19,118,341	18,869,945	19,118,341	18,869,945

27 INCOME TAX EXPENSE

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.

Current income tax

Current income tax charge (Note 27.1)	24,680,106	7,794,958	3,619,638	-
Income tax over provision in respect of previous years	(398,272)	-	-	-
Irrecoverable economic service charge	8,956,357	55,297,037	8,956,357	55,297,037
	33,238,191	63,091,995	12,575,995	55,297,037

Deferred tax expense

Deferred taxation charge/(reversal) (Note 27.2)	14,092,850	(19,037,590)	14,092,850	(19,037,590)
	47,331,041	44,054,405	26,668,845	36,259,447

NOTES TO THE FINANCIAL STATEMENTS

27.1 A reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows;

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Profit before taxation	1,257,887,725	644,491,868	1,024,382,938	565,502,136
Dividend income from group companies	172,519,531	-	-	-
	1,430,407,255	644,491,868	1,024,382,938	565,502,136
Add: Aggregate disallowed items	431,409,291	505,329,460	419,914,798	496,646,738
Less: Aggregate allowable items	(568,268,028)	(480,559,889)	(565,140,212)	(567,462,422)
Less: Tax exempt income	(504,020,760)	(562,375,073)	(228,328,925)	(494,686,452)
Less: Income not form a part of trade or business	(93,707,662)	-	-	-
Add: Other sources of income	46,181,879	170,500	46,181,879	56,641,713
Business loss	37,256,406	-	-	-
Exempt losses	38,648,385	-	-	-
Tax loss utilised during the year	(656,840,681)	(73,244,820)	(656,792,279)	(56,641,713)
Taxable profit	161,066,087	33,812,046	40,218,198	-
Income tax charged at:				
Income tax @ 9%	3,619,638	-	3,619,638	-
Income tax @ 14%	11,120,236	-	-	-
Income tax @ 24%	9,940,232	7,794,958	-	-
Current tax expense	24,680,106	7,794,958	3,619,638	-

27.2 General provisions

Corporate Income Taxes of companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 as amended.

Resident companies in the Group, excluding those which enjoy a concessionary tax rates, were liable to income tax during the year of assessment 2021/22 at the rate of 24% (Y/A 2020/21 - 24%)

Corporate Taxes of non-resident companies in the Group have been computed in keeping with the domestic statutes in their respective countries.

27.3 Income tax rates**Concessionary Tax Rates**

In terms of the Inland Revenue Act No. 24 of 2017, the profits/losses of companies listed below are subject to the income tax concessionary rate of 18%* for the mentioned undertaking:

Company	Basis	Income tax rate
JAT Holdings PLC	Manufacturing of goods / Trading	9% - 12%*
Brush Master (Pvt) Ltd	Manufacturing of goods	18%
JAT Exports (Pvt) Ltd	Export of goods	14%

* The budget 2021 proposed a 50% tax concession for the years 2021/2022 for companies that get listed in the CSE before 31 December 2021, and to maintain a corporate tax rate of 14% for the subsequent three years.

Overseas operations

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to the respective companies. Set out below are the Income tax rates applicable for the companies in the relevant foreign jurisdictions.

Company	Country	Income tax rate
Asia Coatings (Private) Limited	Bangladesh	30%
JAT Global (Private) Limited	India	25.17%

- 27.4** In determining the arm's length price, the Group has complied with the transfer pricing regulations prescribed in the Inland Revenue Act and amendment thereto and the Gazette notifications issued on transfer pricing.

27.5 Deferred tax expense /(reversal)

Year ended 31 March	Company / Group	
	2022 Rs.	2021 Rs.
Deferred tax arising from		
- Accelerated depreciation for tax purposes	(30,805,696)	(30,961,905)
- Biological assets	4,923,621	490,428
- Retirement benefit obligation	913,979	(538,945)
- Provision for doubtful debts	(4,668,353)	443,588
- Provision for obsolete and slow moving inventories	(4,670,261)	(1,138,415)
- Right-of-use assets	847,512	730,301
- Benefit arising from tax losses and others	47,552,048	11,937,359
Total deferred tax charge/(reversal)	14,092,850	(19,037,590)

27.6 Tax losses carried forward

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Tax losses brought forward	683,346,336	481,145,433	656,792,279	468,435,332
Tax loss for the year	37,256,406	275,445,723	-	244,998,660
Tax losses set off against taxable profit	(656,840,681)	(73,244,820)	(656,792,279)	(56,641,713)
Carried forward tax losses	63,762,061	683,346,336	-	656,792,279

28 BASIC/DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the company, by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.

Amounts used as the numerator :

Net profit /(loss) attributable to equity holders of the company	1,215,215,286	598,668,246	997,714,093	529,242,689
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Amounts used as the denominator :

Weighted average number of ordinary shares in issue applicable to basic earnings/(loss) per share	491,904,818	455,945,347	491,904,818	455,945,347
Earnings per share (Rs.)	2.47	1.31	2.03	1.16

NOTES TO THE FINANCIAL STATEMENTS

29 DIVIDENDS PER SHARE

Year ended 31 March	Company			
	2022		2021	
	Dividend per share Rs.	Gross dividend Rs.	Dividend per share Rs.	Gross dividend Rs.
Equity dividend on ordinary shares declared and paid during the year				
Final dividend (Previous years' final dividend paid in the current year)	0.25	113,648,268	0.14	63,188,437
First interim dividend declaration	0.32	163,330,487	0.22	100,010,476
Second interim dividend declaration	0.25	127,601,943	-	-
Total	0.82	404,580,699	0.36	163,198,913

30 PRINCIPAL SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Financial information of Brush Master (Private) Limited that have material non-controlling interests is provided below.

As at 31 March	2022 Rs.	2021 Rs.
Non-controlling interest in %	45%	45%
Non-current assets	1,670,187	700,838
Current assets	47,203,420	66,513,378
Total assets	48,873,608	67,214,216
Non-current liabilities	9,297,162	17,288,533
Current liabilities	25,966,787	29,018,172
Total liabilities	35,263,949	46,306,705
Equity attributable to the owners of the company	7,485,312	11,499,131
Non-controlling interests	6,124,346	9,408,380
Year ended 31st March		
Revenue from contracts with customers	116,949,562	90,899,513
Profit/(loss) after tax	(7,790,436)	1,379,332
Profit attributable to the owners of the company	(4,284,740)	758,632
Profit attributable to the non-controlling interests	(3,505,696)	620,699
Total comprehensive income	(7,297,851)	1,379,332
Net cash inflow/(outflow) from operating activities	10,586,786	(6,997,266)
Net cash (outflow) from investing activities	(1,378,500)	(544,690)
Net cash inflow/(outflow) from financing activities	(9,376,400)	20,856,250
Total net cash inflow/(outflow)	(168,114)	13,314,294

31 COMMITMENTS AND CONTINGENCIES

31.1 Commitments

(a) Capital Commitments

The Company and Group do not have significant capital commitments as at the reporting date.

(b) Operating lease commitments

The future aggregate minimum lease payments under non cancellable operating leases are as follows:

As at 31 March	Group / Company	
	2022 Rs.	2021 Rs.
Not later than 1 year	14,002,530	22,278,468
Later than 1 year and no later than 5 years	2,344,190	10,756,720
	16,346,720	33,035,188

31.2 Contingencies

The Company/Group has given corporate guarantees to the following parties on behalf of the Group of Companies and other affiliates to obtain finance facilities. Directors do not expect Liabilities to arise from these guarantees.

As at 31 March	Total		Subsidiaries		Affiliates	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Institution						
Bank of Ceylon	150,000,000	150,000,000	-	-	150,000,000	150,000,000
Commercial Bank of Ceylon PLC	109,450,000	182,450,000	109,450,000	109,450,000	-	73,000,000
People's Bank	57,922,070	265,000,000	-	-	57,922,070	265,000,000
National Development Bank PLC	-	60,000,000	-	-	-	60,000,000
Hatton National Bank PLC	-	30,000,000	-	-	-	30,000,000
Others	7,970,369	46,049,059	7,970,369	46,049,059	-	-
	325,342,439	733,499,059	117,420,369	155,499,059	207,922,070	578,000,000

32 EVENTS OCCURRING AFTER THE REPORTING DATE

There have no other material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

33 FINANCIAL INSTRUMENTS**33.1 Financial assets and liabilities by categories in accordance with SLFRS 9 - Group**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities of the Group and the Company.

As at 31 March	Note	2022		2021	
		Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
		Rs.	Rs.	Rs.	Rs.
Financial assets					
Short term financial assets					
- Listed equity investments	15.1	38,663,838	-	2,905,000	-
- Unquoted equity investments	15.2	-	-	2,500,000	-
- Investment in money market funds	15.3	815,428,909	-	211,401,590	-
- Investment in fixed deposits	15.4	-	187,814,904	-	-
- Investment in treasury bills	15	-	14,591,959	-	-
Trade and other receivables	12	-	4,784,543,338	-	2,836,316,766
Amounts due from related parties	14.1	-	61,400,571	-	70,818,034
Cash and cash equivalents					
- Short term deposits	16.1	-	439,537,686	-	241,099,344
Total financial assets		854,092,747	5,487,888,458	216,806,590	3,148,234,144

NOTES TO THE FINANCIAL STATEMENTS

33 FINANCIAL INSTRUMENTS (Contd.)

As at 31 March	Note	2022		2021	
		Fair value through profit or loss	Other Financial liabilities	Fair value through profit or loss	Other Financial liabilities
		Rs.	Rs.	Rs.	Rs.
Financial liabilities					
Interest bearing loans and borrowings					
- Bank loans	18.1	-	1,185,692,394	-	498,250,694
- Lease liabilities	18.2	-	17,357,123	-	30,344,059
- Bank overdrafts	16.2	-	85,984,415	-	3,891,990
Trade and other payables	21	-	2,413,243,197	-	1,127,339,229
Amounts due to related parties	14.2	-	4,607,375	-	91,617
Income tax payable		-	12,334,940	-	-
Total financial liabilities		-	3,719,219,445	-	1,659,917,590

33.2 Financial assets and liabilities by categories in accordance with SLFRS 9 - Company

As at 31 March		2022		2021	
		Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
		Rs.	Rs.	Rs.	Rs.
Note					
Financial assets					
Short term financial assets					
- Listed equity investments	15.1	38,663,838	-	2,905,000	-
- Unquoted equity investments	15.2	-	-	2,500,000	-
- Investment in money market funds	15.3	815,428,909	-	211,401,590	-
- Investment in fixed deposits	15.4	-	-	-	-
- Investment in treasury bills	15	-	14,591,959	-	-
Trade and other receivables	12	-	3,145,299,054	-	2,315,246,921
Amounts due from related parties	14.1	-	367,231,598	-	246,056,188
Cash and cash equivalents					
- Short term deposits	16.1	-	400,148,137	-	127,470,838
Total financial assets		854,092,747	3,927,270,748	216,806,590	2,688,773,948

As at 31 March		2022		2021	
		Fair value through profit or loss	Other Financial liabilities	Fair value through profit or loss	Other Financial liabilities
		Rs.	Rs.	Rs.	Rs.
Financial liabilities					
Interest bearing loans and borrowings					
- Bank loans	18.1	-	1,154,748,169	-	453,810,069
- Lease liabilities	18.2	-	15,091,157	-	30,344,059
- Bank overdrafts	16.2	-	47,003,641	-	1,673,586
Trade and other payables	21	-	1,401,216,873	-	820,994,171
Total financial liabilities		-	2,618,059,840	-	1,306,821,885

Financial assets of which carrying values are reasonable approximates at their fair value

The management assessed that the fair values of cash and short-term deposits, trade and other receivables, amounts due from related approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value of quoted equity shares are based on market prices available in Colombo stock exchange at the reporting date.

Financial liabilities of which carrying values are reasonable approximates at their fair value

The management assessed that the fair values of trade and other payables and interest bearing loans and borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long term loans and financial leases approximate their carrying amount as majority of the loan portfolio consist of loans obtained at variable interest rates.

34 FAIR VALUE MEASUREMENT

The Group held the following financial instruments carried at fair value in the statement of financial position:

34.1 Group/Company

Fair value measurement hierarchy for assets as at 31 March 2021 and 2022:

			Fair value measurement using			
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
Assets measured at fair value:	Note	Date of valuation	Total	(Level 1)	(Level 2)	(Level 3)

As at 31 March 2022

Non-financial assets

Consumable biological assets	10	31 March 2022	68,577,048	-	-	68,577,048
Non financial assets as at 31 March 2022			68,577,048	-	-	68,577,048

Financial assets

Equity instruments designated at fair value through profit or loss

Quoted equity shares	15.1	31 March 2022	38,663,838	38,663,838	-	-
Investment in money market funds	15.3	31 March 2022	815,428,909	-	815,428,909	-
Financial assets as at 31 March 2022			854,092,747	38,663,838	815,428,909	-

34.2 Group/Company

Assets measured at fair value:

As at 31 March 2021

Non-financial assets

Consumable biological assets	10	31 March 2021	58,120,344	-	-	58,120,344
Non financial assets as at 31 March 2021			58,120,344	-	-	58,120,344

Financial assets

Equity instruments designated at fair value through profit or loss

Quoted equity shares	15.1	31 March 2021	2,905,000	2,905,000	-	-
Unquoted equity investments	15.2	31 March 2021	2,500,000	-	-	2,500,000
Investment in money market funds	15.3	31 March 2021	211,401,590	-	211,401,590	-
Financial assets as at 31 March 2021			216,806,590	2,905,000	211,401,590	2,500,000

During the reporting period ended 31 March 2022 there were no transfers between Level 1 and Level 2 fair value measurements

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The senior management is supported by the Board of Directors (BOD) that advises on financial risks and the appropriate financial risk governance framework for the Group. BOD provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite. It is the Group's policy that all activities for risk management purposes are required to be approved by Board of Directors of JAT Holdings PLC.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

35.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and equity investments and investments designated under fair value through profit or loss.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

35.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with fixed interest rates.

The Central Bank of Sri Lanka (CBSL) adopted a tightening monetary policy stance during the latter half of the financial year, resulting in an upward trend in interest rates. Elevated pressures on inflation on account of many factors including increases in global commodity prices, food supply and the sharp depreciation of the currency in March 2022 have resulted in strong policy actions by the CBSL on monetary policy post the end of the reporting period. Such actions have raised monetary policy rates significantly and helped bridge the gap between policy and market interest rates. The Group proactively managed the risk of increasing interest rates.

35.1.2 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	Company Effect on profit before tax Rs.	Group Effect on profit before tax Rs.
2022	+ 50	(11,547,482)	(11,574,107)
	- 50	11,547,482	11,574,107
2021	+ 50	(3,223,051)	(3,453,537)
	- 50	3,223,051	3,453,537

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

35.1.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the import of raw materials, finished goods and packing materials.

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency risk as at 31st March 2021 and 2022, and sensitivity analysis to profit & loss and equity if exchange rate increased / (decrease) by 5%.

As at 31 March 2022	Change in rates		Company		Group	
			Effect on profit before tax		Effect on profit before tax	
			Rs.	Rs.	Rs.	Rs.
USD	+ 5%	- 5%	12,853,528	(12,853,528)	29,161,555	(29,161,555)

EURO	+ 5%	- 5%	(19,266,716)	19,266,716	(1,117,291)	1,117,291
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As at 31 March 2021	Change in rates		Company		Group	
			Effect on profit before tax		Effect on profit before tax	
			Rs.	Rs.	Rs.	Rs.
USD	+ 5%	- 5%	(130,860)	130,860	3,986,469	(3,986,469)
EURO	+ 5%	- 5%	(1,846,683)	1,846,683	979,913	(979,913)

35.1.4 Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

All the listed equity instruments were measured based on the prices available as of 31 March 2022.

As at 31 March	2022		2021	
	Rs.	%	Rs.	%
Materials	3,627,300	9%	2,007,000	69%
Transportation	10,389,370	27%	898,000	31%
Capital goods	13,392,161	35%	-	-
Food beverage & tobacco	4,430,788	11%	-	-
Diversified financials	6,824,220	18%	-	-
	38,663,838	100%	2,905,000	100%

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)**35.2 Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Carrying amount of financial assets represents the maximum credit exposure of those assets. The Group's maximum exposure to credit risk at the reporting date were as follows;

As at 31 March	Note	2022		2021	
		Rs.	%.	Rs.	%
Trade and other receivables	12	4,784,543,338	73%	2,836,316,766	79%
Amounts due from related parties	14.1	61,400,571	1%	70,818,034	2%
Short term financial assets					
- Investment in money market funds	15.3	815,428,909	12%	211,401,590	6%
- Investment in fixed deposits	15.4	187,814,904	3%	-	-
- Investment in treasury bills	15	14,591,959	0.2%	-	-
Cash at bank and cash equivalents	16.1	688,829,851	11%	494,283,570	14%
		6,552,609,532	100%	3,612,819,960	100%

35.2.1 Trade receivables

Customer credit risk is managed by each company subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the established credit risk evaluation policy and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored.

Minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low, whilst the improved operating environment resulted in improved collections during the financial year although there could be stresses in the ensuing year on account of the macroeconomic uncertainty and related impacts to our customers on account of elevated inflation and interest rates and the possible impact on consumer discretionary spend.

35.2.2 Cash and cash equivalents, money market, short term, and fixed deposits

Credit risk from balances with banks is managed in accordance with the Group treasury policy. Investments of surplus funds are made only with approved counterparties as per this policy.

The Group held cash in hand and at bank equivalents of Rs. 688 mn at 31 March 2022 (2021 -Rs. 494 mn) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks and other investment companies which group cash balances held are as follows;

Sampath Bank PLC – AA-(lka)
 Commercial Bank of Ceylon PLC – AA(lka)
 Hatton National Bank PLC– AA-(lka)
 People's Bank – AA+(lka)
 National Development Bank PLC - A+(lka)
 DFCC Bank PLC - A+(lka)
 Standard Chartered Bank - AAA(lka)
 The Hongkong and Shanghai Banking Corporation Limited - AAA(lka)
 Capital Alliance Investments LTD - Af(lka)
 National Savings Bank - AAA(lka)

35.2.3 Investment in treasury bills

As at 31 March 2022, as shown in the table above, the Group has invested in treasury bills value equal to Rs. 14.5 million. Government securities are usually referred to as risk-free due to the sovereign nature of the instrument.

35.3 Liquidity risk

The Group monitors its risk to a shortage of funds by setting up a minimum liquidity level. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

35.3.1 Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 31 March 2022	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial liabilities						
Bank loans	-	184,141,853	314,583,291	686,967,250	-	1,185,692,394
Lease liabilities	-	5,479,718	8,522,812	2,344,190	-	16,346,720
Bank overdrafts	-	85,984,415	-	-	-	85,984,415
Amounts due to related parties	-	4,607,375	-	-	-	4,607,375
Trade and other payables	-	2,413,243,197	-	-	-	2,413,243,197
	-	2,693,456,559	323,106,103	689,311,440	-	3,705,874,101

	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 31 March 2021	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial liabilities						
Bank loans	-	179,236,328	299,866,716	19,147,649	-	498,250,693
Lease liabilities	-	7,501,389	14,777,079	10,756,720	-	33,035,188
Bank overdrafts	-	3,891,990	-	-	-	3,891,990
Amounts due to related parties	-	91,617	-	-	-	91,617
Trade and other payables	-	1,127,339,229	-	-	-	1,127,339,229
	-	1,318,060,554	314,643,795	29,904,369	-	1,662,608,718

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

35.3.2 Maturity analysis - Company

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 31 March 2022	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial liabilities						
Bank loans	-	1,068,445,671	86,302,497	-	-	1,154,748,169
Lease liabilities	-	5,479,718	8,522,812	2,344,190	-	16,346,720
Bank overdrafts	-	47,003,641	-	-	-	47,003,641
Trade and other payables	-	1,401,216,873	-	-	-	1,401,216,873
	-	2,522,145,903	94,825,309	2,344,190	-	2,619,315,403

	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 31 March 2021	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial liabilities						
Bank loans	-	176,433,560	277,376,509	-	-	453,810,069
Lease liabilities	-	7,501,389	14,777,079	10,756,720	-	33,035,188
Bank overdrafts	-	1,673,586	-	-	-	1,673,586
Trade and other payables	-	820,994,171	-	-	-	820,994,171
	-	1,006,602,706	292,153,588	10,756,720	-	1,309,513,014

Management has assessed the existing and anticipated effect of COVID -19 on liquidity of the Company and its subsidiaries to settle liabilities when it is due and management are satisfied that the Company and its subsidiaries don't have significant concerns relating to the Group's liquidity.

36 CAPITAL MANAGEMENT

Capital includes ordinary shares. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

As at 31 March	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Debt / Equity	17%	10%	17%	9%

SHAREHOLDER INFORMATION

169

JAT HOLDINGS PLC
ANNUAL REPORT 2021/22

SHARE DISTRIBUTION

SHAREHOLDING AS AT 31ST MARCH 2022

From	To	No. of Holders	No. of Shares	%
1	1,000	2,153	897,225	0.18
1,001	10,000	1,938	8,157,088	1.60
10,001	100,000	657	19,779,597	3.87
100,001	1,000,000	87	27,132,784	5.32
Over 1,000,000		23	454,441,079	89.03
Total		4,858	510,407,773	100

Rs. 2.47

EPS

CATEGORIES OF SHAREHOLDERS

	No. of Shareholders	%	No. of Shares	%
Local Individuals	4,599	94.67	406,704,107	79.68
Local Institutions	245	5.04	83,956,099	16.45
Foreign Individuals	11	0.23	14,104,567	2.76
Local Institutions	3	0.06	5,643,000	1.11
	4,858	100.00	510,407,773	100

Rs. 15.19

NAVPS

DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2022

	Name of Director	No. of Shares
1	Dr. Sivakumar Selliah	1,320,000
2	Mr. Aelian Winston Gunawardene	331,835,188
3	Mr. Hussain Akbarally	-
4	Mr. Mututantrige Parakrama Devaka Cooray	550,000
5	Mrs. Dayangani Priyanthi Pieris	-
6	Mrs. Joycelyn Gunawardene	9,145,221
7	Mrs. Anika Nirajalie Williamson	13,717,832
8	Mr. Richard Winston Gunawardene	13,717,832
9	Mr. Nishal Ferdinando (CEO)	-

Rs.0.82

DPS

SHARE PRICES FOR THE YEAR

As at 31 March	2022 Rs.	2021 Rs.
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Market price per share

Highest during the year	32.00 (20.01.2022)	-
Lowest during the year	14.20 (30.03.2022)	-
As at end of the year	15.90	-

TRADE INFORMATION

As at 31 March	2022 Rs.	2021 Rs.
Number of Transactions during the year	40,395	-
Number of Shares traded during the year	130,707,425	-
Value of shares traded during the year (Rs.)	3,298,433,442.80	-

PUBLIC HOLDING

1. The Public Holding Percentage as at 31st March 2022 is 18.741%
2. Total number of shareholders who hold the public Shares as at 31st March 2022 – 4,845
3. The float adjusted market capitalization as at 31st March 2022 - Rs. 1,520,901,811.80
4. The float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange and the Company has not complied with the minimum public holding requirement applicable under the said option as at 31st March 2022.

TOP TWENTY SHAREHOLDERS LIST - DATED 31ST MARCH 2022

	Name	No. of Shares	%
1	MR A.W. GUNAWARDENE	331,835,188	65.014
2	FALCON TRADING (PVT) LTD	27,077,498	5.305
3	MR R.W. GUNAWARDENE	13,717,832	2.688
4	MRS A.N. WILLIAMSON	13,717,832	2.688
5	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	11,032,733	2.162
6	MRS J. GUNAWARDENE	9,145,221	1.792
7	SSBT-ARK GLOBAL EMERGING COMPANIES,LP	5,555,500	1.088
8	ADAMJEE LUKMANJEE & SONS (PVT) LTD	4,798,999	0.940
9	MRS A. KAILASAPILLAI	4,240,000	0.831
10	MRS A. SELLIAH	4,240,000	0.831
11	SEYLAN BANK PLC/JANASHAKTHI CAPITAL LIMITED	3,705,000	0.726
12	ARUNODHAYA (PRIVATE) LIMITED	3,385,000	0.663
13	ARUNODHAYA INVESTMENTS (PRIVATE) LIMITED	3,360,000	0.658
14	ARUNODHAYA INDUSTRIES (PRIVATE) LIMITED	3,360,000	0.658
15	SDS SPICES (PVT) LTD	2,668,000	0.523
16	MR M.A. LUKMANJEE	2,156,800	0.423
17	ANDYSEL PRIVATE LIMITED	2,120,000	0.415
18	SAMPATH BANK PLC/ DR.T.SENTHILVERL	1,611,299	0.316
19	HATTON NATIONAL BANK PLC/ARUMAPURAGE PETER LASANTHA FERNANDO	1,405,396	0.275
20	MR B.W. KUNDANMAL	1,386,600	0.272
		450,518,898	88.266
	Other shareholders	59,888,875	11.734
		510,407,773	100

10 YEAR SUMMARY - GROUP

171

JAT HOLDINGS PLC
ANNUAL REPORT 2021/22

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trading results										
Gross turnover	8,896,808,118	5,359,510,190	6,295,513,667	6,547,228,876	5,446,689,000	5,782,965,328	4,904,771,722	3,546,165,115	2,992,617,332	2,175,402,931
Profit from operating activities	1,186,131,327	684,866,421	836,613,233	1,053,078,090	692,512,518	1,114,524,093	1,045,035,975	670,724,834	481,609,454	397,057,721
Net finance income/(cost)	71,756,398	(40,374,552)	(133,105,173)	(111,816,410)	(106,198,342)	(83,023,258)	(40,110,597)	(30,818,974)	(36,489,142)	(26,267,924)
Profit before taxation	1,257,887,725	644,491,868	750,674,961	941,261,680	586,314,176	1,031,500,835	1,004,925,378	639,905,861	445,120,312	370,789,797
Tax expenses	(47,331,041)	(44,054,405)	(43,624,797)	(60,291,578)	48,463,543	(129,198,152)	(155,865,854)	(98,273,619)	(54,222,352)	(28,242,704)
Profit for the year	1,210,556,684	600,437,463	707,050,164	880,970,102	634,777,719	902,302,683	849,059,524	541,632,242	390,897,961	342,547,093
Statement of financial position										
Assets										
Property, plant and equipment	1,667,971,362	1,530,699,458	1,435,361,574	1,487,443,551	1,316,298,723	1,084,679,458	875,595,866	598,750,044	459,713,230	484,726,481
Intangible assets	17,627,288	22,480,109	24,156,939	23,873,057	20,344,464	80,529,287	58,492,610	1,550,552	1,571,052	3,133,518
Right-of-use assets	15,142,330	25,520,798	44,390,742	-	-	-	-	-	-	-
Consumable Biological Assets	68,577,048	58,120,344	49,241,160	33,822,114	26,368,238	16,217,483	7,893,750	7,500,000	7,500,000	5,625,000
Other Investments	-	-	2,467,248	19,684,448	14,588,000	14,588,000	-	-	-	-
Investment properties	-	-	-	41,039,000	-	-	-	-	-	-
Advance paid for investment properties	142,421,669	142,421,669	94,196,239	94,196,239	-	-	-	-	-	-
Deferred tax asset	-	-	-	-	6,133,016	25,919,758	15,527,397	847,395	988,101	-
Current assets	9,632,304,036	5,278,549,174	5,463,814,488	5,293,241,644	4,851,821,885	4,471,071,098	3,367,120,429	2,478,369,884	2,106,372,795	1,495,409,445
Total assets	11,544,043,733	7,057,791,552	7,156,667,391	6,993,300,053	6,235,554,327	5,693,005,084	4,324,630,052	3,087,017,875	2,575,157,077	1,988,894,444
Equity and liabilities										
Share capital	2,395,221,320	918,770,013	918,770,013	918,770,013	918,770,013	918,770,013	628,770,000	628,770,000	628,770,000	10,900,100
Retained earnings	5,263,420,779	4,451,031,493	4,073,144,201	3,674,269,393	2,937,989,797	2,454,670,452	1,838,256,696	1,200,909,270	860,592,113	877,276,020
Non-controlling interest	(8,337,725)	(4,369,381)	(6,089,990)	(1,103,326)	(2,006,627)	3,252,293	(593,568)	-	-	-
Reserves	96,297,224	(24,866,702)	(23,849,583)	(24,298,241)	(24,189,450)	4,290,285	-	-	-	-
Retirement benefit obligation	63,888,296	57,308,540	46,338,309	36,306,416	33,556,928	24,328,246	24,257,631	23,019,385	16,624,393	14,658,069
Long term loans and borrowings	13,588,091	39,199,622	36,500,846	62,332,065	232,205,387	230,879,150	117,113,070	8,739,473	14,965,627	28,720,378
Deferred tax liability	14,334,396	-	19,182,904	19,170,797	-	-	-	4,644,867	1,498,163	2,435,183
Current liabilities	3,705,631,352	1,620,717,965	2,092,670,692	2,307,852,936	2,139,228,279	2,056,814,646	1,716,826,223	1,220,934,880	1,052,706,781	1,054,904,693
Total Equity and liabilities	11,544,043,733	7,057,791,550	7,156,667,391	6,993,300,053	6,235,554,327	5,693,005,084	4,324,630,052	3,087,017,875	2,575,157,077	1,988,894,444
Ratios										
NP Ratio (%)	14%	11%	11%	13%	12%	16%	17%	18%	15%	17%
Return On Equity (%)	19%	12%	15%	21%	18%	31%	40%	33%	33%	47%
Return on Total Assets (%)	13%	10%	12%	16%	12%	22%	28%	24%	21%	23%
Current Ratio (Times)	2.60	3.26	2.61	2.29	2.27	2.17	1.96	2.03	2	1.42
Quick Ratio (Times)	1.99	2.29	1.76	1.67	1.51	1.48	1.52	1.45	1.23	1.09

HEAD OFFICE**JAT Holdings PLC**

No. 351, Pannipitiya Road, Thalawathugoda, Sri Lanka

Tel: +94 11 4407700

Fax: +94 11 2773793

Email: info@jatholdings.com

Website: www.jatholdings.com

EXPERIENCE CENTERS**JAT Experience Centre – Thalawathugoda**

351, Pannipitiya Road, Thalawathugoda

Tel: +94 11 4407700

JAT Experience Centre – One Galle Face Mall

Level 3-38/39, Shangri-La One Galle Face,

1A, 2 Center Road, Colombo

Tel: +94 11 5288662

JAT Experience Centre – Nawala

19, Narahenpita Road, Nawala

Tel: +94 11 4400108

JAT TECH CENTRES**JAT Tech Centre – Moratuwa**

515 A, Galle Road, Rawathawatte, Moratuwa

Tel: +94 11 5745745

JAT Tech Centre – Colpetty

306, R. A. de Mel Mawatha, Colombo 03.

Tel: +94 11 5231313

INTERNATIONAL SUBSIDIARY PRESENCE**Bangladesh****Asia Coatings (Pvt) Ltd**

Flat – A-6, House – 412, Aftabuddin Road, Block – C,

Bashundhara R/A, Dhaka – 1229,

Dhaka, Bangladesh

Tel: +880 1701 217888

India**JAT Global (Pvt) Ltd**

No. 42, Anugraha Layout, Thayappa Garden,

Bilekahalli, Near Raj Lakeview Appt,

Bangalore 560076, India

Tel: +91 8048 908489

E-mail: info@jatholdings.in

Dubai**JAT Exports DMCC**

Unit No. 2267,

DMCC Business centre,

Level No. 1, Jewellery and Gemplex 3,

Dubai, United Arab Emirates

Tel: +555 086718

Statement of use		JAT Holdings PLC for the financial year ending 31st March 2022				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		[Titles of the applicable GRI Sector Standards]				
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	4				
	2-2 Entities included in the organization’s sustainability reporting	4				
	2-3 Reporting period, frequency and contact point	4				
	2-4 Restatements of information	4				
	2-5 External assurance	4				
	2-6 Activities, value chain and other business relationships	34				
	2-7 Employees	52				
	2-8 Workers who are not employees	N/A				
	2-9 Governance structure and composition	77				
	2-10 Nomination and selection of the highest governance body	78				
	2-11 Chair of the highest governance body	26				
	2-12 Role of the highest governance body in overseeing the management of impacts	83				
	2-13 Delegation of responsibility for managing impacts	83				
	2-14 Role of the highest governance body in sustainability reporting	83				
	2-15 Conflicts of interest	103				
	2-16 Communication of critical concerns	81				
	2-17 Collective knowledge of the highest governance body	78				
	2-18 Evaluation of the performance of the highest governance body	83				
	2-19 Remuneration policies	83				
	2-20 Process to determine remuneration	83				
	2-21 Annual total compensation ratio	-		Confidentiality concerns		
	2-22 Statement on sustainable development strategy	83				
	2-23 Policy commitments	83				
	2-24 Embedding policy commitments	83				
	2-25 Processes to remediate negative impacts	-		Information unavailable/ incomplete	The Group is still in the process of implementing this process	

Statement of use		JAT Holdings PLC for the financial year ending 31st March 2022				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		[Titles of the applicable GRI Sector Standards]				
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	2-26 Mechanisms for seeking advice and raising concerns	-		Information unavailable/incomplete	The Group is still in the process of implementing this process	
	2-27 Compliance with laws and regulations	81				
	2-28 Membership associations	42				
	2-29 Approach to stakeholder engagement	41				
	2-30 Collective bargaining agreements	-		Not applicable	The Group does not have collective agreements in place	
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	43				
	3-2 List of material topics	43				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	36				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	36				
	201-2 Financial implications and other risks and opportunities due to climate change	73				
	201-3 Defined benefit plan obligations and other retirement plans	129				
	201-4 Financial assistance received from government	-		Not applicable	No financial assistance received from government	
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	69				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	69				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	72				

Statement of use		JAT Holdings PLC for the financial year ending 31st March 2022				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		[Titles of the applicable GRI Sector Standards]				
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	-		Information unavailable/incomplete	Processes are not yet in place to measure the material footprint	
	301-2 Recycled input materials used	-		Information unavailable/incomplete	The Group does not use recycled input material	
	301-3 Reclaimed products and their packaging materials	-		Information unavailable/incomplete	The Group does not use recycled input material	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	73				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	73				
	302-2 Energy consumption outside of the organization	-		Information unavailable/incomplete	Processes are not yet in place to measure	
	302-3 Energy intensity	73				
	302-4 Reduction of energy consumption	73				
	302-5 Reductions in energy requirements of products and services	-		Not applicable	Product and service energy requirements are not measured	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	73				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	73				
	303-2 Management of water discharge-related impacts	74				
	303-3 Water withdrawal	-		Information unavailable/incomplete	Processes are not yet in place to measure the material footprint	
	303-4 Water discharge	74				
	303-5 Water consumption	73				

Statement of use			JAT Holdings PLC for the financial year ending 31st March 2022			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard(s)			[Titles of the applicable GRI Sector Standards]			
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	73				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	73				
	305-2 Energy indirect (Scope 2) GHG emissions	73				
	305-3 Other indirect (Scope 3) GHG emissions	73				
	305-4 GHG emissions intensity	73				
	305-5 Reduction of GHG emissions	73				
	305-6 Emissions of ozone-depleting substances (ODS)	-		Information unavailable/incomplete	Processes are not in place to measures this	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-		Information unavailable/incomplete	Processes are not in place to measure this	
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	74				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	74				
	306-2 Management of significant waste-related impacts	74				
	306-3 Waste generated	74				
	306-4 Waste diverted from disposal	-		Not applicable	Waste is not diverted from disposal	
	306-5 Waste directed to disposal	-		Information unavailable/incomplete	Processes are not in place to measure this	
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	52				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	53				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	54				
	401-3 Parental leave	56				

Statement of use		JAT Holdings PLC for the financial year ending 31st March 2022				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		[Titles of the applicable GRI Sector Standards]				
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Health and Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	53				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	53				
	403-2 Hazard identification, risk assessment, and incident investigation	53				
	403-3 Occupational health services	53				
	403-4 Worker participation, consultation, and communication on occupational health and safety			Not applicable	No process in place for worker participation on health and safety	
	403-5 Worker training on occupational health and safety	53				
	403-6 Promotion of worker health	53				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-		Information unavailable/incomplete	Processes are not in place to measure this	
	403-8 Workers covered by an occupational health and safety management system	53				
	403-9 Work-related injuries	53				
	403-10 Work-related ill health	53				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	54				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	54				
	404-2 Programs for upgrading employee skills and transition assistance programs	54				
	404-3 Percentage of employees receiving regular performance and career development reviews	54				

Statement of use		JAT Holdings PLC for the financial year ending 31st March 2022				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		[Titles of the applicable GRI Sector Standards]				
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	55				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	55				
	405-2 Ratio of basic salary and remuneration of women to men	55				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	70				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	70				
	413-2 Operations with significant actual and potential negative impacts on local communities	70				
Marketing and labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	66				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	66				
	417-2 Incidents of non-compliance concerning product and service information and labeling	66				
	417-3 Incidents of non-compliance concerning marketing communications	66				

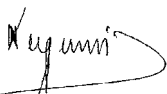
NOTES

NOTICE IS HEREBY GIVEN THAT the Nineth (09th) Annual General Meeting of JAT HOLDINGS PLC will be held at No. 351, Pannipitiya Road, Thalawathugoda on Thursday, 30th June 2022 at 10.30 a.m. to transact the following business.

1. To receive the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries, and the Financial Statements for the year ended 31st March 2022 and the report of the Auditors thereon.
2. To re-elect Mr. Richard Winston Gunawardene as a Director, in terms of Articles 88(i) and 89 of the Articles of Association of the Company.
3. To re-elect Mrs. Anika Niranjalie Williamson as a Director, in terms of Articles 88(i) and 89 of the Articles of Association of the Company.
4. To re-appoint the retiring Auditors Messrs. Ernst and Young Chartered Accountants as the Company's Auditors and to authorize the Directors to determine their remuneration.
5. To authorize the Board of Directors to determine donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.

By order of the Board,

JAT HOLDINGS PLC



N.I.D. Corporate Services (Pvt) Ltd
Company Secretaries

Date: 30 May 2022

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Note:

A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.

1. A proxy need not be a Shareholder of the Company.
2. A form of proxy is enclosed for this purpose.
3. The completed form of proxy must be deposited at the registered office of the Company, No. 351, Pannipitiya Road, Thalawathugoda or must be emailed to sh@jatholdings.com not less than 24 hours before the time appointed for holding the Meeting.

FORM OF PROXY

181

I/We* (in block letters)being a Shareholder/Shareholders of JAT HOLDINGS PLC, hereby appointwhom failing DR. SIVAKUMAR SELLIAH whom failing MR. AELIAN WINSTON GUNAWARDENE whom failing MR. NISHAL FERDINANDO whom failing MR. HUSSAIN AKBARALLY whom failing MR. MUTUTANTRIGE PARAKRAMA DEVAKA COORAY whom failing MRS. DAYANGANI PRIYANTHI PIERIS whom failing MRS. JOYCELYN GUNAWARDENE whom failing MRS. ANIKA NIRANJALIE WILLIAMSON NEE GUNAWARDENE whom failing MR. RICHARD WINSTON GUNAWARDENE* as my/our proxy to represent me/us and to vote on my/our behalf at the NINETH (09TH) ANNUAL GENERAL MEETING of the Company to be held on Thursday, 30th June 2022 and any adjournment thereof, and at every poll which may be taken in consequence thereof to vote:-

	Against	In favour
1. To re-elect Mr. Richard Winston Gunawardene as a Director, in terms of Articles 88(i) and 89 of the Articles of Association of the Company.	☐	☐
2. To re-elect Mrs. Anika Niranjalie Williamson as a Director, in terms of Articles 88(i) and 89 of the Articles of Association of the Company.	☐	☐
3. To re-appoint the retiring Auditors Messrs. Ernst and Young Chartered Accountants as the Company's Auditors and to authorize the Directors to determine their remuneration.	☐	☐
4. To authorize the Board of Directors to determine donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.	☐	☐

Signed this day of 2022.

.....

Signature of Shareholder

Notes:

- (i) Please delete the inappropriate words.
- (ii) A proxy need not be a Shareholder of the Company
- (iii) Instructions as to completion appear on the reverse of this form.

INSTRUCTIONS AS TO COMPLETION OF PROXY

The instrument appointing a proxy shall in the case of an individual be signed by the appointor or by his/her attorney.

In the case of a Company/Corporation, the proxy must be under its Company Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.

In the case of a proxy signed by an Attorney, the Power of Attorney must be deposited at the Registered Office for registration, if such Power of Attorney has not been registered with the Company.

The full name and address of the proxy and of the shareholder appointing the proxy should be entered legibly in the Form of Proxy.

Please indicate with an "X" in the space provided how your proxy is to vote on each resolution. If no indication is given the proxy at his/her discretion will vote as he/she thinks fit.

To be valid this Form of Proxy must be deposited at the registered office of the Company No. 351, Pannipitiya Road, Thalawathugoda or must be emailed to sujeewa@jatholdings.com/sh@jatholdings.com not less than 24 hours before the time appointed for holding the Meeting.

SHAREHOLDER FEEDBACK FORM

183

It is the endeavour of the JAT Holdings PLC to ensure maximum satisfaction of its shareholders. In order to enable us to continually improve upon the quality of services provided, we try to seek your feedback on the level of satisfaction derived by you on the basis of your interaction with us. Your feedback will help us in further improvement of our services to match your expectations.

Please direct all feedback to the Company Secretary by filling this form.

Company Secretaries,

N. I. D. Corporate Services (Pvt) Ltd,
No. 18/49A, 1/2, Circular Road B, Muhandiram E. D. Dabare Mawatha, Colombo 5

Kindly rate our services on various parameters by ticking any one box in each row:

Timely receipt of

	Outstanding	Very Good	Good	Poor
Annual Reports				
Dividend				
Other documents/Correspondence				

Quality and Contents of Annual Report

	Outstanding	Very Good	Good	Poor
Report on Corporate Governance				
Management Discussion and Analysis				
Balance Sheet, Profit and Loss Account and other financial statements.				

Dissemination of information about the Company

	Outstanding	Very Good	Good	Poor
Through shareholder communication				
Through Annual Reports				
Through newspapers/ Press				
Through our website www.jatholdings.com				
Through e – mails (If we have your email)				

	Outstanding	Very Good	Good	Poor
Overall Quality				

Comments/Suggestions/Remarks

CORPORATE INFORMATION

COMPANY NAME

JAT HOLDINGS PLC

LEGAL FORM

A Public Limited Liability Company incorporated in Sri Lanka on 1st July 1993 under the Companies Act No. 17 of 1982 and reregistered under the Companies Act No. 7 of 2007. The Company was listed on the Colombo Stock Exchange on 12th August 2021.

COMPANY REGISTRATION NO.

PQ00237072

REGISTERED OFFICE

No. 351, Pannipitiya Road, Thalawathugoda,
Sri Lanka
Phone: +94 11 - 4407700
Fax: +94 11 - 2773793
Email: info@jatholdings.com/sh@jatholdings.com
Website: www.jatholdings.com

BOARD OF DIRECTORS

Dr. Sivakumar Selliah – Chairman
Aelian Gunawardene – Managing Director
Nishal Ferdinando – CEO
Hussain Akbarally
Devaka Cooray
Priyanthi Pieris
Joycelyn Gunawardene
Anika Williamson
Richard Gunawardene

AUDIT & RISK MANAGEMENT COMMITTEE

Devaka Cooray – Chairman
Dr. Sivakumar Selliah
Hussain Akbarally

HR & REMUNERATION COMMITTEE

Dr. Sivakumar Selliah – Chairman
Priyanthi Pieris
Hussain Akbarally

RELATED PARTY TRANSACTION REVIEW COMMITTEE

Dr. Sivakumar Selliah – Chairman
Devaka Cooray
Hussain Akbarally

INVESTMENT COMMITTEE

Devaka Cooray - Chairman
Hussain Akbarally
Anika Williamson

BANKERS

The Commercial Bank of Ceylon PLC
Hatton National Bank PLC
DFCC Bank PLC
National Development Bank PLC
Standard Chartered Bank
Peoples' Bank
Sampath Bank PLC
National Savings Bank

AUDITORS

Ernst & Young Chartered Accountants, Sri Lanka
201, De Saram Place, Colombo 10

SECRETARIES

N.I.D. Corporate Services (Pvt) Ltd
No. 18/49A, 1/2, Circular Road B, Muhandiram
E. D. Dabare Mawatha, Colombo 5

REGISTRARS

P.W. Corporate Services (Pvt) Ltd
No. 3/17, Kynsey Road, Colombo 08

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www.jatholdings.com